

United States House of Representatives
Committee on Small Business
Subcommittee on Oversight, Investigations, and Regulations
“The Small Business Administration’s Role in Climate Solutions”
Wednesday, July 21, 2021
2360 Rayburn House Office Building, Hybrid hearing

Written Testimony for Mr. Rick Chapman
General Manager and Certified Marina Manager, The Port of Sunnyside Club, Inc

Chairman Phillips, Ranking Member Van Duyne, and Members of the Subcommittee:

Thank you for the opportunity to appear before you today to discuss the Small Business Administration’s (SBA) role in Climate Solutions.

My name is Rick Chapman, and I live in Bloomington, Minnesota, the Land of 10,000 Lakes. Like 70 percent of our fellow Minnesotans, I am an outdoors enthusiast and extremely fortunate in that I am also able to further foster the enjoyment and protection of our great outdoors through my role as the General Manager and Certified Marina Manager at Sunnyside Marina, a private marina on the St. Croix River. We are a member-owned professionally managed marina governed by a board of directors. Our vision is to be the premier marina on the Saint Croix River, ensuring maximum enjoyment, safety, and beauty for our members. I also serve as the President of the Midwest Marina Association (MMA), representing 25 marinas on the St. Croix River, Mississippi River, Lake Minnetonka, and Lake Superior, with over 6,000 boaters. MMA works collaboratively with national boating industry groups including the National Marine Manufacturers Association (NMMA), the Association of Marina Industries (AMI), and the Marine Retailers Association of the Americas (MRAA) in pursuit of enacting a healthy policy environment to support and grow the U.S. recreational boating industry.

While our marina strives to provide exemplary, memorable experiences out on the water, I would be remiss not to mention the time, attention, and resources that are dedicated to preserving the environment around us, which is integral to sustaining boating access for generations to come. Being good stewards of the St. Croix River where we do business and recreate is a top priority for Sunnyside Marina and its member-owner boaters. I am proud to say we were the first marina in Minnesota to install a water recycling system to capture, filter, and reuse the water we use to wash and winterize boats at the end of the season, keeping acids and metals out of the water.

Moreover, Sunnyside Marina, along with other marinas on the St. Croix, have been leaders in the state’s Clean Marina Program as part of a national, voluntary, incentive-based program that encourages marina operators and recreational boaters to protect water quality by engaging in

environmentally sound operating and maintenance procedures. From our water recycling program to the many stewardship practices our marina implements, Sunnyside is invested in doing our part to keep the river clean and beautiful while providing better service to our members and the citizens of Minnesota.

Led by the recreational boating industry, the outdoor recreation economy is a major contributor to the U.S. economy, accounting for 2.1% of GDP, \$788 billion in economic output, and 5.2 million American jobs. In Minnesota alone, the boating economy generates \$3.1 billion in economic activity, supporting nearly 11,000 jobs and 700 marine businesses in the state. The Bureau of Economic Analysis (BEA) Outdoor Recreation Satellite Account (ORSA) state-level data identified that outdoor recreation as a whole accounted for 2.4 percent of the state's GDP in 2019.

The role of recreational boating in our economy has grown only more significant as Americans flocked to new outdoor activities amidst the COVID-19 pandemic, with sales of new powerboats in the U.S. increasing last year by an estimated 13 percent compared to 2019, reaching a 13-year high. 415,000 first-time boat buyers entered the market in 2020. On average, these buyers are younger and more diverse—an encouraging aspect of industry growth. The key takeaway is that outdoor recreation was one of the few sectors that held up the American economy over the last year, and it is an economic necessity in my home state of Minnesota and across the nation.

This rise in outdoor recreation has both showcased the popularity of such activities as a safe and fun way to spend time with loved ones and illuminated one of the most pressing issues facing the industry. We need resilient infrastructure that protects recreation access and marine businesses and can adapt to the rapidly changing climate that has become our new reality. Given that a majority of public recreation access infrastructure is already in need of significant maintenance and modernization, our aging access points and facilities are particularly vulnerable to the effects of climate change.

In the boating industry, water is our currency. But rapidly changing climate conditions have shown that too much or too little of it can render unusable our access infrastructure, which serves as the backbone of the boating economy. In the Southeast, hurricanes are worsening. In the Great Lakes, flooding is becoming more frequent and dangerous. In the West, ongoing drought conditions are increasing in severity. The climate is changing for the worse, and marine businesses need bolstered resilience to support the historic growth in demand for recreation opportunities and keep the boating economy churning. With rising construction costs and increasing severity and frequency of natural disasters, small businesses in particular need support so they can invest in cost-saving mitigation activities to fortify themselves against the impacts of climate change.

Small businesses in the outdoor sector depend on robust infrastructure to be able to make their living. Small businesses in rural, vulnerable areas often face the brunt of natural disasters like flooding, wildfires, hurricanes, earthquakes, tornados, and mega droughts, leaving them damaged and unable to operate. When they're unable to operate, the jobs and families they support are at risk. Local economies depend on small businesses like these. According to the Federal

Emergency Management Agency (FEMA), natural disasters have cost the U.S. \$800 billion in the past decade and have been the direct cause of thousands of businesses shutting down. Small businesses are particularly susceptible to these dire economic effects, with 40 to 60 percent never reopening after a natural disaster. Given that 84 percent of the U.S. recreational boating industry is composed of small businesses, this situation poses a significant risk to the \$170 billion boating economy.

I thank the committee for holding today's hearing to discuss how the SBA can better support small businesses in providing climate solutions and for allowing me to shine a light on the significant role small businesses play in driving the outdoor economy. Along with outdoor pastimes enjoyed by the vast majority of Americans, small businesses are in jeopardy without robust investments in climate-resilient recreation infrastructure. With our communities forced to endure stronger and more frequent natural disasters, it is more important than ever to better assist small businesses by investing in mitigation projects before disasters happen.

The time to fortify recreational infrastructure from the impacts of climate change is now, and Congress must act. Fortunately, a bipartisan infrastructure deal is currently being negotiated, and infrastructure resiliency is a priority for both the administration and the bipartisan group of senators leading negotiations. The forthcoming infrastructure package presents a prime opportunity to utilize the Small Business Administration as an essential resource to help small businesses protect themselves from the costly damages inflicted by a rapidly changing climate.

To accomplish this, Congress should include language from the Providing Resources for Emergency Preparedness and Resilient Enterprises (PREPARE) Act (H.R. 3207, S. 1621) in the resiliency title of any infrastructure package that moves forward to allow small businesses to access much-needed capital to invest in disaster-resilient infrastructure. This landmark bipartisan, bicameral legislation would allow the SBA to make low-interest, fixed-rate loans of up to \$500,000 to small businesses to invest in their properties to protect facilities, real estate, and contents from natural disasters. We applaud the leadership of Small Business Committee Members Representatives Sharice Davids and Peter Stauber in working with Representatives Joe Morelle, Jack Bergman, and Julia Brownley and Senators Marco Rubio, Angus King, Joni Ernst, and Ron Wyden in spearheading this proposal that would create an integral tool for building more resilient recreation access, protecting vulnerable communities, and rebuilding local economies.

At a time when Congress and the Administration are working towards getting more Americans back to work and rebuilding the nation's economy, it is essential that resources are put into place to strengthen already struggling small businesses and communities from the added damages of flooding and other climate change impacts. Providing relief for small businesses that will allow them to invest in resilient infrastructure is an important part of the nation's economic recovery, as well as part of a larger portfolio of proactive investment in climate-resilient roads, bridges, shorelines, and recreation infrastructure to protect our communities from more frequent disaster damage. Studies have shown that investing in resilient infrastructure saves taxpayers \$6 for every dollar spent. Implementing a disaster mitigation loan program will help small businesses lessen the damage, saving millions of dollars in potential losses.

The boating industry looks forward to continuing to work with the members of this subcommittee and other committees of jurisdiction to protect and expand opportunities for recreation through resilient infrastructure investments that will protect small businesses and recreation access, revive local economies, and improve the quality of life across our nation.

Thank you for the opportunity to appear before you today. I look forward to answering your questions.