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Hiawatha, IA – De Soto, IA

**“Kick Starting Entrepreneurship and Main Street Recovery”
House Committee on Small Business
September 10th at 1 pm EST**

Statement for the Record

Thank you, Chairwoman Velazquez, Ranking Member Chabot, Representative Finkenauer, and all the members of the Committee for the opportunity to testify.

I am Jeremy Ketelsen, Vice President of family-owned Ketelsen RV with locations in Hiawatha and De Soto, Iowa. Our dealership was founded in 1962 and employs 60 people with a payroll of approximately \$3.6 million. We sell new and used travel trailers, horse trailers, used motorhomes as well as provide warranty and repair services to our customers.

It is our family’s life work to enable people to enjoy the great outdoors and travel this great country in an RV.

Our dealership is working hard to come back from the economic shock of the pandemic. We have made progress, but challenges remain. Among our top concerns are keeping our customers and employees safe each day, inventory shortages, and parts supply chain issues as we navigate through this new environment.

We were fortunate that we did not need to completely close our business this spring, but that was not the case in other states. During the second half of March 2020 and much of April, RV dealerships in several states were open for service only, and could only transact sales by phone or the web. In some cases the RV dealers could not be open at all for sales and service due to COVID-19 mitigation measures.

My trade association, the national RV Dealers Association (RVDA), along with industry partners at the RV Industry Association (RVIA), the Outdoor Recreation Roundtable (ORR) and several state RV associations, worked to allow RV dealerships to remain open to serve and service the traveling public much as car dealerships were able to stay open.

The quick succession of state stay-at-home orders left some RV travelers stranded on the road and some had to leave both public and private campgrounds due to state and federal ordered closures. In the meantime, RV “snowbirds” who winter in the southeast and southwest had to travel back to their home state. It was vital that RV dealerships remained open to provide service for these in-transit owners.

In the early days of the pandemic, first responders including medical personnel, law enforcement, and critical utility workers used RVs as self-quarantine areas. In Iowa, workers at the Des Moines Water Works utilized 20 RVs for temporary housing. RVs

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provided shelter for these critical workers and their supervisors, who were working 12-hour shifts and responsible for critical water plant operations, maintenance and repair, and regulatory compliance.

I serve as the assistant fire chief for Springville, Iowa, and I know from personal experience that RVs are part of the temporary emergency housing plans of communities across this country.

With business operations severely restricted, a dealer survey conducted by RVDA in early April showed that 26 percent said their service, parts, and accessories business was “down 75 percent or more” when compared with the level of business prior to the pandemic. Another 35 percent said their fixed operations business was “down 50 to 74 percent.”

Dealers in many states had strict limits on the number of customers allowed in their showrooms. Forty-four percent of the dealers responding to that RVDA survey said their new RV sales volume was down 75 percent or more when compared with pre-pandemic levels, and 21 percent said they were down 50 to 74 percent.

With almost no revenue coming in, many dealers were forced to furlough or lay off employees. In the RVDA survey, 13 percent of dealers said their employee headcount was down 75 percent or more when compared with April 2019. Another 17 percent said their employee headcount was down 50 to 74 percent, and another 11 percent said it was down 26 to 49 percent.

Because of crushing job losses throughout the country, the Small Business Administration’s Paycheck Protection Program (PPP) loan initiative offered forgivable loans to small businesses if they used the funds to pay employees. At the time of RVDA’s survey, 92 percent of the dealers responding said they either had or planned to apply for a PPP loan. While my dealership did not apply for the program, through July, PPP loans saved at least 26,000 jobs at RV dealerships, according to numbers released by the SBA.

Since those uncertain days of March and April, Americans have made it clear with the increase in business and enthusiasm towards the great outdoors that this is an industry that can heal the nation during times like these.

The recent surge in business creates a whole new set of issues for a small business like ours. When you go from no one in the building, to a surge of customers, safety becomes a big issue. We also found that the consumer wanted to communicate with us differently using forms of technology and we have had to adapt our process to serve these new buyers.

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Our June sales were about 22 percent better than June of 2019 but, overall, for the year our dealership revenue is down about 17 percent year-to-date.

Looking ahead to the rest of the year, we are now faced with supply chain issues. Like many dealers in the country, our inventory is down to about one-quarter of what we usually would have during the summer selling season. These supply chain issues have the potential to create a storm after a storm. If manufacturers of RVs, which are primarily American made, cannot get components from the suppliers to build the product, it will lead to a challenging 3rd and 4th quarter because we will not have products in stock at a time when consumers are seeking outdoor experiences and social distancing in RVs. Our customers will also face longer service turnaround times.

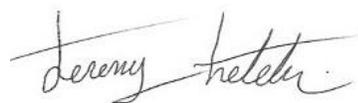
Some issues we are watching down the road include access to campgrounds. People need public and private places to camp in an RV or tent. We thank those of you who voted for the Great American Outdoors Act, which will help modernize and improve the public campgrounds in the National Parks, forests, and other federal lands.

Continued public investment in outdoor recreation is extremely important to our country's future. Since the pandemic we have seen an increase in younger and first-time buyers at our dealership and at dealerships across the country. In our conversations with these customers, we are finding that there are a lot of parents who are using the outdoors to reconnect with their families. They want to get away from fear of the virus and spend time together as a family unit.

We have been told by public health officials to get outside and recreate responsibly. People are hearing that message loud and clear. Nature heals our body and mind.

So, on behalf of the \$778 billion outdoor recreation industry, and the RV industry which has an overall economic impact of \$114 billion and supports nearly 600,000 jobs, thank you for your support of small businesses like mine that help millions of Americans enjoy the great outdoors. I hope we can continue to be part of the public health, and economic solution in rural communities across the country.

Sincerely,



Jeremy Ketelsen
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