

**Testimony of Donald Fox
Fox Theatres LLC
Wyomissing, Pennsylvania
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Thank you, Chairwoman Nydia Velázquez, Vice-Chair Kweisi Mufame, Ranking Member Blaine Luetkemeyer, my representative from Pennsylvania's 6th congressional district, Representative Chrissy Houlahan, and the rest of the Members of the House Small Business Committee, for the opportunity to testify before you today. As the owner of a small business, I am deeply respectful and appreciative of the work done by this committee. Thank you for having our backs, especially over the last eighteen months, when the emergency federal relief you have provided has kept my business afloat.

I am the owner, President and CEO of Fox Theatres LLC, a movie theater company based in Wyomissing, a suburb of Reading, in Pennsylvania's 6th congressional district. The company, founded in 1957 by my father, Richard Fox, with a drive-in theater outside of Reading, today operates twenty screens in three theater locations. Our eight-screen flagship theater, Fox Berkshire, is in Wyomissing, Pennsylvania, and the other two, the Sun & Surf Cinema and the Fox Gold Coast are in the beach resort town of Ocean City, Maryland.

I had the good fortune to grow up in this great industry, starting out sweeping floors, popping popcorn, tearing tickets, and learning every aspect of the business from my father, who, after I took over, was proud to become the first small-town theater owner to get elected president of the National Association of Theater Owners (the other NATO!).

Forty years at the helm of Fox Theatres has given me a valuable perspective - from negotiating with the Hollywood movie studios, to competing against much bigger regional and national movie theater companies, to delivering a high-quality movie experience to our customers - all with the limited resources of a small businessman. But one of the most satisfying aspects of my work is providing gainful employment. Whether it be first jobs for 16- and 17-year-old high school students, senior citizens looking to make some extra money or full-time employment for theater cleaners, kitchen workers, supervisors and theater managers - they all dedicate themselves to providing first-class, first-run movie theater entertainment, seven days a week, to our loyal customers.

We've all been through an unprecedented time for the last year and a half. As was the case with most non-essential businesses, we closed our doors in March of 2020 and, except for a few weeks, stayed closed for the rest of the year. During that period, our sales were down 96% and, so far this year, we are still down over 70% from 2019. Prior to March of 2020 we employed over 125 people in Pennsylvania and Maryland, but when the pandemic started, we had to lay off all but two full-time and three part-time employees. Thanks to Congress's speedy action, the Paycheck Protection Program (PPP) helped us bring back more of our full-time management employees, even though

we were basically shut down, to provide them a steady and reliable income. Today, we employ about 65 people all working very hard rebuild our business.

Federal emergency relief has been key to the survival of my company. In addition to PPP loans, we've been able to access the COVID-19 Economic Injury Disaster Loan program (EIDL) and the Employee Retention Credit program (ERC), both of which have been very meaningful. With those funds we were able to keep the electricity on and a skeleton crew employed, while we waited for the pandemic to end so our customers could return to watch movies in our theaters. But it didn't end, it continued on and on and our debts and bills piled up.

Representative Houlihan, as you know, we struggled and pivoted where possible to figure out a way to survive the pandemic. We sold curbside popcorn to our loyal customers and set up a pop-up drive-in theater at one of our locations. But it barely scratched the surface. The movie theater industry needed a rescue package, especially if small and independent business operators like Fox Theatres were going to survive the pandemic. Movie theaters joined the "Save Our Stages" cause launched by the live music venues to ask the federal government to help entertainment venues across the country survive until audiences could safely return. No one ever imagined that it would take until summer of 2021 for the movies and our customers to begin to come back. The economic loss that we experienced was devastating for businesses big and small that rely on people gathering together.

Thankfully, in December 2020, the 15-billion-dollar Shuttered Venue Operators Grant program, SVOG, the crown jewel of federal relief for our industry, with key support from so many of you here, passed Congress and was signed into law. What was then a cause for celebration soon became a new long and challenging setback for all of us. Over the next six months, businesses teetering on the brink of bankruptcy waited anxiously while the Small Business Administration struggled to get the program up and running.

The roll out of SVOG was extremely challenging, and from the time the bill was signed until funds were disbursed, thousands of small businesses that were shuttered by the pandemic waited anxiously to receive this emergency relief. Many of you on this committee and in Congress were instrumental in helping companies like mine not only navigate the bureaucracy, but also allocating more federal resources to solve the operational issues the program was facing. In particular, the support we received through Representative Houlihan's efforts to expedite the SVOG funds were critical for the survival of my company and many others.

Fox Theatres lives another day because of what Congress did, but we are not out of the woods yet. The Delta variant surge has thrown a wrench into what we thought was the start of a comeback earlier this summer, and now unfortunately the release dates of major Hollywood movies are changing once again. Nonetheless, I am optimistic about the future of the movie theater business, and only just two weeks ago, we set a Labor

Day weekend box-office record. But our suppliers, the film studios, must have confidence that moviegoers are ready and willing to come back to the theaters.

The demise of the movie theater has been predicted many times over, whether it be by television, cable, DVD and now streaming. But Americans don't want to remain in their living rooms - they crave a shared experience, out of the home, with family, friends and strangers - and the thrill you only get in a movie theater, immersed in the big screen.

I am so grateful for the work Congress has done and continues to do. On behalf of my family, my employees and the thousands of Fox Theatres customers in Pennsylvania and Maryland, thank you very much!