June 22, 2020

The Honorable Charles Grassley Chairman Senate Finance Committee 219 Dirksen Building Washington, DC 20515 The Honorable Ron Wyden Ranking Member Senate Finance Committee 219 Dirksen Building Washington, DC 20510

Dear Chairman Grassley and Ranking Member Wyden:

As the American business community strives to rebuild following the unprecedented challenges caused by the COVID-19 pandemic, we want to express strong support and appreciation for the provisions enacted in the CARES Act relating to net operating losses (NOLs). These beneficial changes come at a challenging time for many industries and will provide necessary liquidity for operations. We are concerned that some in Congress are seeking to reverse these changes and would urge you to leave them in place.

As you are aware, in response to the overwhelming adverse economic impact of the COVID-19 pandemic, Congress included in the bipartisan CARES Act several changes to the tax rules for NOLs. First, the CARES Act provides a five-year carryback for NOLs generated in 2018, 2019, or 2020. Second, the CARES Act suspends for 2018, 2019, and 2020 the otherwise applicable limitations on excess business losses for non-corporate taxpayers.

The ability to carryback NOLs is a critical component of a well-operating income tax system. Indeed, NOL carryback provisions have long been bipartisan tools utilized by lawmakers to provide liquidity and are routinely expanded during times of economic dislocation. As the non-partisan Joint Committee on Taxation has noted (see JCX-12R-20), the "provision allows taxpayers to use NOLs to a greater extent to offset taxable income in prior or future years in order to provide taxpayers with liquidity in the form of tax refunds and reduced current and future tax liability." The provision suspending limitations on excess business losses for non-corporate taxpayers offers similar relief. As Chairman Grassley recently noted, the "key was for businesses to keep cash on hand, if they hadn't already filed, or get refunds to give them liquidity to keep the doors open, machinery running, and most importantly, employees paid, to the greatest extent possible."

The tax and liquidity provisions in the CARES Act are helping to ensure that the severe economic situation created by COVID-19 do not become even worse. We urge Congress to protect American jobs by preserving the NOL carryback and suspension of limitation of excess busines loss provisions contained in the CARES Act.

Thank you for your consideration of our views.

Sincerely,

AdvaMed Aeronautical Repair Station Association Agricultural Retailers Association Air Conditioning Contractors of America Alabama Coal Association American Chemistry Council American Council of Engineering Companies American Farm Bureau Federation American Forest & Paper Association American Foundry Society American Gaming Association American Institute of Architects (AIA) American Iron and Steel Institute American Supply Association Associated Builders and Contractors Associated General Contractors of America CCIM Institute **Colorado Mining Association** Construction Industry Round Table (CIRT) **Convenience Distribution Association** Council of Insurance Agents and Brokers Family Enterprise USA **Financial Executives International** Foodservice Equipment Distributors Association (FEDA) **Global Business Alliance** Heating, Air-conditioning, & Refrigeration Distributors International Independent Community Bankers of America Independent Electrical Contractors Indiana Coal Council Industrial Fasteners Institute Institute of Real Estate Management International Association of Plastics Distribution (IAPD) International Foodservice Distributors Association International Franchise Association Kentucky Coal Association Manufactured Housing Institute National Association of Convenience Stores National Association of REALTORS® National Association of Wholesaler-Distributors National Community Pharmacists Association National Cotton Council

National Electrical Contractors Association (NECA) National Fastener Distributors Association National Marine Distributors Association National Mining Association National Multifamily Housing Council National Ready Mixed Concrete Association National Restaurant Association National Retail Federation National RV Dealers Association (RVDA) National Small Business Association North American Association of Food Equipment Manufacturers (NAFEM) **Ohio Coal Association** Outdoor Power Equipment and Engine Service Association Petroleum Marketers Association of America (PMAA) Plumbing-Heating-Cooling Contractors Portland Cement Association **PRINTING United Alliance Retail Industry Leaders Association** S Corporation Association Security Hardware Distributors Association Small Business & Entrepreneurship Council Society of Collision Repair Specialists (SCRS) Society of Industrial and Office REALTORS® Southeastern Lumber Manufacturers Association Specialty Equipment Market Association The Association for Hose and Accessories Distribution The Fertilizer Institute Tire Industry Association **Truck Renting and Leasing Association** U.S. Travel Association Vinyl Institute Virginia Coal and Energy Alliance Wholesale Florist and Florist Supplier Association Wyoming Mining Association