

December 3, 2020

The Honorable Nancy Pelosi

The Honorable Mitch McConnell

Additionally, the IRS recently issued Revenue Ruling 2020-27, stating that expenses funded through a PPP loan are not deductible for 2020 if “the taxpayer *reasonably expects to receive forgiveness of the covered loan* on the basis of the expenses it paid or accrued during the covered period, *even if the taxpayer has not submitted an application for forgiveness of the covered loan by the end of such taxable year*” [emphasis added].

Since the IRS issued Notice 2020-32, Congress has signaled that it intends to reverse the ruling. The Democratic and Republican Chairs of the House Ways and Means and Senate Finance Committees issued public statements saying that the IRS Notice, and, more recently, the IRS Revenue Ruling, is flawed and contrary to Congressional intent. In addition, a provision to overturn Notice 2020-32 was included in the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act that passed the House of Representatives in May.

The most recent IRS Revenue Ruling creates a renewed sense of urgency for Congress to address this pivotal issue before the end of the year. Allowing the IRS position to remain unchallenged will result in a significant tax increase on small business owners already suffering from the effects of COVID-19 shutdowns. This tax will hit small business owners *after* their PPP loan has already been spent, and just as many states are re-imposing mandatory closures of thousands of businesses in the face of spiking numbers of COVID-19 cases.

Many PPP loan recipients retained employees on their payrolls, even when there was little to no work to perform, in compliance with the intent of the program to keep people employed and off the unemployment rolls. The IRS changed the rules after businesses took out PPP loans, and business owners are now being asked to pay what amounts to a surtax on their workforce. Without Congressional action, businesses will face an unexpected tax bill when they file their taxes for 2020, as they continue to struggle with government mandated shutdowns or slowdowns. Many of those businesses will close and never re-open. This senseless tax policy stands both the letter and spirit of the PPP on its head.

For all these reasons, the undersigned business organizations urge

American Academy of Podiatric Practice Management
American Apparel & Footwear Association (AAFA)
American Association Of Advertising Agencies
American Association of Orthopaedic Surgeons
American Association of Neurological Surgeons
American Bakers Association
American Chiropractic Association
American College of Gastroenterology
American College of Osteopathic Family Physicians
American Cotton Producers
American Cotton Shippers Association
American Council of Engineering Companies
American Council of Independent Laboratories
American Dental Association
American Down and Feather Council
American Farm Bureau Federation
American Feed Industry Association
American Horse Council
American Institute of Architects (AIA)

National Beer Wholesalers Association
National Candle Association
National Cattlemen's Beef Association
National Community Pharmacists Association
National Confectioners Association
National Cotton Council
National Cotton Ginners Association
National Cottonseed Products Association
National Council of Agricultural Employers
National Council of Chain Restaurants
National Council of Farmer Cooperatives
National Council of Textile Organizations
National Demolition Association
National Electrical Contractors Association
National Electrical Manufacturers Representative Association (NEMRA)
National Franchisee Association
National Funeral Directors Association
National Limousine Association
National Lumber and Building Material Dealers Association
National Marine Distributors Association
National Marine Manufacturers Association
National Mining Association
National Multifamily Housing Council
National Newspaper Association
National Office Products Alliance
National Onion Association
National Pasta Association
National Peach Council
National Pecan Shellers Association
National Potato Council
National Propane Gas Association
National Ready Mixed Concrete Association

North American Association of Food Equipment Manufacturers (NAFEM)
North American Die Casting Association
NTCA-The Rural Broadband Association
Office Furniture Dealers Alliance
Out of Home Advertising Association of America
Outdoor Power Equipment and Engine Su90.00000912

The Transportation Alliance
The Vinegar Institute
The Wholesale Florist and Florist Supplier Association (WF&FSA)
Tile Roofing Industry Alliance
Tire Industry Association
Travel Goods Association (TGA)
Truck Renting and Leasing Association
U.S. Apple Association
U.S. Chamber of Commerce
U.S. Superyacht Association
United Fresh Produce Association
United Veterinary Services Assoc.
US Rice Producers Association
USA Farmers
Western Equipment Dealers Association
Western Growers
Wine & Spirits Wholesalers of America
Wine Institute
WineAmerica
Winegrape Growers of America

Alabama Propane Gas Association
Alabama Restaurant & Hospitality Alliance
Central Alabama Chapter Independent Electrical Contractors
Gulf Coast Chapter NECA

Arkansas

Arkansas Hospitality Association
Arkansas Propane Gas Association

Alaska

Alaska CHRR
Pacific Propane Gas Association

Arizona

Arizona Builders Alliance
Arizona Chapter National Electrical Contractors Association
Arizona Chapter of the Associated General Contractors of America
Arizona Nursery Association
Arizona Propane Gas Association
Arizona Restaurant Association
Southern Arizona National Electrical Contractors Association

California

ABC San Diego
African-American Farmers of California
Associated Builders and Contractors Central California Chapter
Associated Builders and Contractors Northern California Chapter
Associated Builders and Contractors Southern California Chapter
Associated General Contractors of America, San Diego Chapter
California Agricultural Irrigation Association
California Alfalfa and Forage Association
California Association of Wheat Growers
California Bean Shippers Association
California Cattlemen's Association
California Cotton Ginners and Growers Association
California Cut Flower Commission
California Fresh Fruit Association
California Grain & Feed Association
California Landscape Contractors Association
California Pork Producers Association
California Restaurant Association
California Seed Association
California State Beekeepers Association

California State Floral Association

District of Columbia

AGC of DC
Associated Builders and Contractors of Metro Washington
Restaurant Association of Metropolitan Washington

Delaware

ABC Delaware
~~DE Nursery & Landscape Association~~
Delaware Contractors Association
Delaware Restaurant Association
Graphic Arts Association

Florida

AGC Florida East Coast Chapter
Central Florida Chapter Associated Builders and Contractors, Inc.
Central Florida Chapter NECA
Executives' Association of Greater Miami
Florida Cattlemen's Association
Florida Citrus Mutual
Florida Nursery, Growers and Landscape Association
Florida Podiatric Medical Association
Florida Propane Gas Association
Florida Restaurant & Lodging Association
Independent Electrical Contractors Assoc-FECC
Independent Electrical Contractors Florida West Coast Chapter
Marine Industries Association of Palm Beach County, Inc.
Marine Industry Association of Central Florida, Inc.
Miami Marine Council
North Florida Chapter NECA
The South Florida AGC
West Coast Florida Chapter NECA

Georgia

Associated Builders and Contractors of Georgia, Inc.
Atlanta Chapter, Independent Electrical Contractors, Inc.
Georgia Green Industry Association
Georgia

Independent Electrical Contractors, Georgia Chapter PHCC of GA
Printing & Imaging Association of Georgia

Hawaii

General Contractors Association of Hawaii
General Contractors Labor Association of Hawaii
Hawaii Cattlemen's Council
Hawaii Restaurant Association
Pacific Propane Gas Association
Retail Merchants of Hawaii

Idaho

Idaho Associated General Contractors
Idaho Dairymen's Association
Idaho Lodging & Restaurant Association
Idaho Nursery and Landscape Association
Idaho Podiatric Medical Association
Idaho Potato Commission
Idaho Retailers Association
Rocky Mountain Propane Gas Association

Illinois

Central Illinois Builders of AGC
Central Illinois Chapter NECA
Chicago & Cook County Chapter NECA
Illinois Chapter, National Electrical Contractors Association
Illinois Grape Growers and Vintners Alliance
Illinois Green Industry Association
Illinois Landscape Contractors Association
Illinois Podiatric Medical Association
Illinois Propane Gas Association
Illinois Restaurant Association
Midwest Independent Electrical Contractors (IEC) Association
Northeastern Illinois Chapter, National Electrical Contractors Association
SMACNA Greater Chicago

Indiana

Associated Builders and Contractors of Indiana/Kentucky
IEC Indy
Indiana Beef Cattle Association

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Massachusetts Nursery and Landscape Association
Massachusetts Restaurant Association
Northeast Erectors Association
Northeast Millwrights Association
Painting & Finishing Employers Association of New England
Propane Gas Association of New England
Retailers Association of MA
Sheet Metal and Air Conditioning Contractors of Boston (SMACNA Boston)
Western Massachusetts Chapter, National Electrical Contractors Association

Michigan

ABC Greater Michigan Chapter
ABC Michigan
AGC of Michigan
Michigan Allied Poultry Industries
Michigan Boating Industries Association
Michigan Chapter, National Electrical Contractors Association
Michigan Farm Bureau
Michigan Podiatric Medical Association
Michigan Propane Gas Association
Michigan Restaurant Association
Michigan Retailers Association
Michigan State Horticultural Society

Missouri

AGC of Missouri
Associated Builders & Contractors, Inc. Heart of America Chapter
IEC of Greater St. Louis
Kansas City AGC
Lake of the Ozarks Marine Dealers Association
Missouri Propane Gas Association
Missouri Restaurant Association
Missouri Retailers Association
Missouri Tire Industry Association
National Electrical Contractors Association, St. Louis Chapter

Montana

Montana Contractors Association
Montana Nursery & Landscape Association
Montana Podiatric Medical Association
Montana Restaurant Association
Montana Stockgrowers Association
Rocky Mountain Propane Gas Association

Nebraska

AGC-Nebraska Building Chapter
National Electrical Contractors Association (Nebraska)
Nebraska Cattlemen
Nebraska Propane Gas Association
Nebraska Restaurant Association

Nevada

Associated Builders and Contractors, Nevada Chapter
Nevada Propane Dealers Associations
Nevada Restaurant Association
Retail Association Of Nevada

New Hampshire

Associated Builders & Contractors NH/VT Chapter
Associated General Contractors of NH
New Hampshire Lodging & Restaurant Association
New Hampshire Podiatric Medical Association
New Hampshire Retail Association
Propane Gas Association of New England

New Jersey

Graphic Arts Association
New Jersey Landscape Contractors Association
New Jersey Propane Gas Association
New Jersey Restaurant Association
Southern New Jersey Chapter of NECA

New Mexico

AGC NEW MEXICO
Associated Builders and Contractors New Mexico
New Mexico Podiatric Medical Association
New Mexico Propane Gas Association
New Mexico Restaurant Association
NM Retailers Association

New York

Associated General Contractors of New York State
Capital District SMACNA
Finger Lakes NY Chapter NECA
National Electrical Contractors Association-Hudson Valley Chapter
New York Farm Bureau
New York Electrical Contractors Association
New York Propane Gas Association
New York State Association of Plumbing, Heating, Cooling Contractors
New York State Podiatric Medical Association
New York State Restaurant Association
New York State Vegetable Growers Association
Northern NY Chapter NECA
NY Wine Industry Association
Twin Tier Sheet Metal Contractors Association

North Dakota

Associated Builders and Contractors MN/ND
Dakotas Chapter National Electrical Contractors Association NECA
North Dakota Hospitality Association
North Dakota Podiatric Medical Association
North Dakota Propane Gas Association
North Dakota Retail and Petroleum Marketers Association

North Carolina

NC Foot & Ankle Society
NC Nursery & Landscape Association
North Carolina Cattlemen's Association

North Carolina Potato Association
North Carolina Propane Gas Association
North Carolina Restaurant & Lodging Association
Printing Industry of the Carolinas, Inc.

Ohio

ABC Central Ohio
Boating Association of Ohio
Central Ohio Chapter, NECA
Graphic Media Alliance
Greater Cleveland Chapter, National Electrical Contractors Association
IEC Northern Ohio
Lake Erie Marine Trades Association
National Electrical Contractors Association, OH/MI Chapter
NECA Cincinnati Chapter
North Central Ohio Chapter, NECA
Ohio Cattlemen's Association
Ohio Landscape Association
Ohio Propane Gas Association
Ohio Restaurant Association
Plumbing-Heating-Cooling Contractors of Ohio
Southern Ohio Marine Trades Association
Western Ohio Chapter NECA

Oklahoma

ABC of Oklahoma
IEC-OKC
Oklahoma Cattlemen's Association
Oklahoma NECA
Oklahoma Propane Gas Association
Oklahoma Restaurant Association
Western Oklahoma NECA

Oregon

ABC Pacific Northwest Chapter
Oregon Association of Nurseries
Oregon Cattlemen's Association
Oregon-Columbia, NECA
Oregon Dairy Farmers Association
Oregon Essential Oil Growers League
Oregon Pacific Cascade Chapter, NECA
Oregon Podiatric Medical Association
Oregon Restaurant Association

Memphis Chapter NECA
Southern Cotton Ginners Association
Tennessee Farm Winegrowers Alliance
Tennessee Hospitality Association
Tennessee Nursery & Landscape Association
Tennessee Podiatric Medical Association
Tennessee Propane Gas Association

Texas

AGC Houston
Associated Builders & Contractors of Southeast Texas
Associated Builders & Contractors of Texas Gulf Coast
Associated Builders & Contractors, Inc, Texas Mid Coast Chapter
Boating Trades Association of Texas
CenTex Independent Electrical Contractors
Central Texas Chapter NECA
IEC Fort Worth/Tarrant County
North Texas Chapter, NECA
Panhandle of Texas Chapter - AGC
Print & Imaging Association of MidAmerica
Red River Valley Chapter NECA
RGV Chapter of IEC

Associated Builders & Contractors NH/VT Chapter
Propane Gas Association of New England
Vermont Chamber of Commerce

Virginia

IEC Chesapeake, Inc.
Virginia Nursery & Landscape Association
Virginia Podiatric Medical Association
Virginia Propane Gas Association
Virginia Restaurant Lodging & Travel Association
Virginia Retail Federation

Washington

Associated Builders and Contractors of Western Washington
Inland Northwest AGC
Pacific Propane Gas Association
Washington Cattle Feeders Association
Washington Cattlemen's Association
Washington Restaurant Association
Washington Retail Association
Washington State Nursery & Landscape Association
Washington State Podiatric Medical Association
Washington State Potato Commission
Washington Wine Institute
Washington Winegrowers Association
SMACNA Western Washington

West Virginia

Contractors Association of West Virginia
West Virginia Hospitality & Travel Association
West Virginia Nursery & Landscape Association
West Virginia Propane Gas Association
West Virginia - Ohio Valley Chapter NECA

Wisconsin

Associated Builders and Contractors of Wisconsin Inc.
Associated General Contractors of Greater Milwaukee
SMACNA East Central WI
SMACCA – Milwaukee
SMACNA Southeast Wisconsin
SMACNA Wisconsin
Wisconsin Grocers Association
Wisconsin Landscape Contractors Association - Waukesha, WI

Wisconsin Marine Association
Wisconsin Potato & Vegetable Growers Association
Wisconsin Propane Gas Association
Wisconsin Restaurant Association

Wyoming

Rocky Mountain Propane Gas Association
Wyoming Chapter NECA
Wyoming Lodging & Restaurant Association
Wyoming Stock Growers Association