

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 business 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