



July 28, 2020

The Honorable Maggie Hassan
324 Hart Senate Office Building
Washington D.C. 20510

The Honorable Richard Burr
217 Russell Senate Office Building
Washington D.C. 20510

Dear Senators Hassan and Burr:

On behalf of National Taxpayers Union, the nation's oldest taxpayer advocacy organization, I write to express NTU's support for the Employer Assistance Coordination Act. This bipartisan legislation would ensure that small and mid-sized businesses maximize their opportunities to access the relief Congress passed in the CARES Act. With inclusion of similar language in Senate Republicans' recent COVID-19 relief and recovery package, we hope legislation improving interaction between the Employee Retention Tax Credit (ERTC) and Paycheck Protection Program (PPP) is included in legislation passed by both chambers of Congress this summer.

As you both have noted,¹ employers that take advantage of PPP cannot currently access subsequent relief through the ERTC, even if a business has exhausted their PPP funds. NTU also wrote on this subject in a Policy Paper we published in June:

Some lawmakers have pointed out issues with requiring companies to choose either ERTC or PPP, especially for PPP recipients who are using a significant portion of their loan to cover non-payroll expenses. While there is a compelling interest to avoid excessive "double-dipping" (i.e., a company using PPP funds to cover payroll and then receiving a tax credit for those payroll costs under ERTC), we do not believe that mere participation in PPP should automatically exclude a business from ERTC benefits.²

Given some of the pandemic's economic impacts are expected to last for years,³ not months, it is critical that Congress afford small employers the chance to utilize both programs. Your legislation would do precisely that, all the while ensuring that no business 'double dips' by using PPP funds and the ERTC for the same exact payroll costs.

¹ United States Senator for New Hampshire Maggie Hassan. (July 22, 2020). "Senators Hassan & Burr Introduce Bipartisan Bill to Expand Small Business Support Amid COVID-19 Pandemic." Retrieved from: <https://www.hassan.senate.gov/news/press-releases/senators-hassan-and-burr-introduce-bipartisan-bill-to-expand-small-business-support-amid-covid-19-pandemic> (Accessed July 22, 2020.)

² Lautz, Andrew, and Duppler, Mattie. "COVID "Phase 4" Legislation: How Congress Can Best Support Workers, Businesses, and States." National Taxpayers Union, June 23, 2020. Retrieved from: <https://www.ntu.org/publications/detail/covid-phase-4-legislation-how-congress-can-best-support-workers-businesses-and-states>

³ Congressional Budget Office. (July 2020). "An Update to the Economic Outlook: 2020 to 2030." Retrieved from: <https://www.cbo.gov/system/files/2020-07/56442-CBO-update-economic-outlook.pdf>

We believe that as available PPP funds draw close to \$0, the ERTC will play a critical role in helping small and mid-sized businesses keep their employees on payroll. This will not only help workers keep food on the table and help employers keep the lights on through the worst of this pandemic, but it also has the potential to save taxpayers money in the long run by keeping workers attached to their employers, wages, and benefits, and off of unemployment insurance (UI).

To that end, we look forward to working with you and other lawmakers to expand the ERTC in the next COVID-19 relief or recovery package. We are pleased to see these initiatives have bipartisan support.

Thank you for introducing the Employer Assistance Coordination Act, and we look forward to working with you to ensure this legislation reaches the President's desk.

Sincerely,

Andrew Lautz
Policy and Government Affairs Manager