



December 16, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Charles E. Schumer
Democratic Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Republican Leader
United States House of Representatives
Washington, DC 20515

Dear Leader McConnell, Speaker Pelosi, Leader Schumer and Leader McCarthy:

The American Cultural Resources Association (ACRA) and the Society for American Archaeology (SAA) are writing to urge you and your peers to enact a COVID relief package before the end of 2020 that includes a provision to prevent a massive tax increase on millions of businesses, especially small businesses.

ACRA is the national trade association supporting the common interests of cultural resource management (CRM) firms of all sizes, types, and specialties. ACRA member firms undertake much of the legally mandated cultural resource studies and investigations in the United States and employ thousands of professionals, including archaeologists, architectural historians, historians, ethnographers, and an increasingly diverse group of other specialists in the museum and non-profit sectors. CRM firms are predominantly small businesses that have faced unprecedented struggles during the pandemic.

The SAA is an international organization that, since its founding in 1934, has been dedicated to research about and interpretation and protection of the archaeological heritage of the Americas. With nearly 7,000 members, SAA represents professional and avocational archaeologists, archaeology students in colleges and universities, and archaeologists working at Tribal agencies, museums, government agencies, and the private sector. SAA has members throughout the U.S., as well as in many nations around the world.

As you know, the U.S. Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act last spring, which included the Paycheck Protection Program (PPP). The PPP has helped more than 5 million small business across the country, including the firms and other businesses and organizations in the historic preservation field, maintain payroll and operations, helping to reduce job losses during the pandemic and enabling these firms to continue their vital work supporting infrastructure and other projects.

One of the most important features of the PPP is the availability of loan forgiveness if certain conditions are met, and Congress rightly specified in the CARES Act that such loan forgiveness would be exempt from gross income. Millions of businesses, including our member firms, have been able to keep their

doors open, keep staff on payroll, and even expand during this difficult time with the understanding that PPP loans, if forgiven, would not be counted as taxable income.

However, the IRS subsequently specified that “no deduction is allowed under the Internal Revenue Code...if the payment of the expense results in forgiveness of a covered loan pursuant to” the CARES Act. Furthermore, the IRS has recently ruled that expenses funded via a PPP loan in 2020 are not deductible 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.”

The practical effect of these rulings is that millions of companies will face as much as a 37-percent tax increase when they file their 2020 taxes. Such a hit could not come at a worse time, as the number of COVID-related infections and hospitalizations spikes across the country and communities face additional lockdowns. Additionally, many businesses focused on historic preservation are projecting further losses in 2021 due to significant cuts to state budgets, which will severely hamper the progress of state and local infrastructure projects. At the very moment that businesses may have to endure more revenue losses, the IRS rulings would deliver a devastating tax burden that could lead many companies to close their doors. The issue is even more troubling since many firms took PPP loans before the IRS rulings, with the understanding that forgiven loans and related expenses would be fully excluded from taxable income.

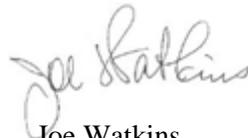
As the pandemic continues to exact a toll on the nation’s economy, small businesses need additional support, not a massive tax bill that runs counter to the original intent of Congress in creating the PPP loans. Therefore, we urge you to enact a relief package that reaffirms Congressional intent and addresses this urgent situation.

Thank you for your attention to this matter.

Sincerely,



Nathan Boyless
President
American Cultural Resources Association



Joe Watkins
President
Society for American Archaeology