

Congress of the United States
Washington, DC 20515

February 2, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi and Leader Schumer:

As we continue to debate allocating limited resources to stimulate the economy, we write to bring your attention to costly tax breaks for so-called “net operating losses” that Republicans tucked into the CARES Act. These special-interest giveaways will confer over [80 percent of the benefits to just 43,000 taxpayers](#), each earning at least \$1 million per year. We urge you to repeal these unwarranted tax cuts, as HEROES and HEROES 2.0 proposed and [President Biden](#) has recommended. This would save over [\\$250 billion](#), which should be repurposed to help Americans who have lost income due to the pandemic and its economic fallout.

According to [Mark Zandi](#), chief economist of Moody’s Analytics, NOL tax breaks are the least effective way to stimulate the economy of over 20 policies reviewed, generating just 27 cents of GDP for every dollar of federal cost. What’s more, these ineffective giveaways benefit a narrow set of high-income taxpayers, including hedge funds, real estate developers, and likely the [Trump family](#).

The Trump tax law placed temporary restrictions on NOL gimmicks in order to raise revenue for other tax cuts in the bill. These were among the few provisions of the Trump tax law that, standing alone, pushed the tax code in a progressive direction. We support restoring these limitations and making them permanent. Making them permanent alone could save the federal budget over \$100 billion.

The repeal of NOL limitations in the CARES Act had little to do with pandemic relief and arbitrarily rewards business owners who lost money before the pandemic began. Making matters worse, unlike the small business relief provided through the Paycheck Protection Program, these windfalls come with no strings attached to ensure they support payroll or critical business operations.

In addition to presenting immediate hardships, the COVID-19 pandemic has laid bare and magnified our nation’s troubling economic inequality. Relief must address this inequality, not exacerbate it. The CARES net operating loss provisions will further worsen economic inequality by providing an average tax break of \$1.6 million to just 43,000 very high-income taxpayers. This is unacceptable, especially when compared to the limited relief most Americans have received.

We urge you to repeal the NOL giveaways by including sections 20301 and 20302 of the HEROES Act in the next COVID-19 relief legislation. Further, we ask that you repurpose these funds to provide relief for families struggling through this challenging time.

Sincerely,

Sheldon Whitehouse
U.S. Senator

Lloyd Doggett
Member of Congress

Sherrod Brown
U.S. Senator

Rosa DeLauro
Member of Congress

Steven Cohen
Member of Congress

Elizabeth Warren
United States Senator

Tammy Baldwin
United States Senator

Richard Blumenthal
United States Senator

Angus S. King, Jr.
United States Senator

Edward J. Markey
United States Senator

Richard J. Durbin
United States Senator

Jeffrey A. Merkley
United States Senator

Jack Reed
United States Senator

Cory A. Booker
United States Senator

Bernard Sanders
United States Senator

Mazie Hirono
United States Senator

Christopher Murphy
United States Senator

Patrick J. Leahy
United States Senator

Brian Schatz
United States Senator

Amy Klobuchar
United States Senator

Jan Schakowsky
Member of Congress

Danny Davis
Member of Congress

Eleanor Holmes Norton
Member of Congress

Rashida Tlaib
Member of Congress

Barbara Lee
Member of Congress

Peter A. DeFazio
Member of Congress

Raúl M. Grijalva
Member of Congress

Nikema Williams
Member of Congress

Jerry Nadler
Member of Congress

Jesús G. “Chuy” García
Member of Congress

David N. Cicilline
Member of Congress

Peter Welch
Member of Congress

Ayana Pressley
Member of Congress

Mark Takano
Member of Congress

Alcee L. Hastings
Member of Congress

André Carson
Member of Congress

James P. McGovern
Member of Congress

Earl Blumenauer
Member of Congress

Grace Meng
Member of Congress

Alan Lowenthal
Member of Congress

Mark Pocan
Member of Congress

Mondaire Jones
Member of Congress

Gerry E. Connolly
Member of Congress

Marie Newman
Member of Congress

Mark DeSaulnier
Member of Congress

Frederica S. Wilson
Member of Congress

Frank Pallone Jr.
Member of Congress

Chellie Pingree
Member of Congress

Ilhan Omar
Member of Congress

Katie Porter
Member of Congress

Nydia M. Velázquez
Member of Congress

Donald Norcross
Member of Congress

Pramila Jayapal
Member of Congress

Judy Chu
Member of Congress

Bill Foster
Member of Congress

James R. Langevin
Member of Congress

Adriano Espaillat
Member of Congress

Robin L. Kelly
Member of Congress

John B. Larson
Member of Congress

Susan Wild
Member of Congress

Dwight Evans
Member of Congress

Daniel T. Kildee
Member of Congress

Jared Huffman
Member of Congress

Suzanne Bonamici
Member of Congress

Mike Doyle
Member of Congress

Bonnie Watson Coleman
Member of Congress

Jake Auchincloss
Member of Congress

Ritchie Torres
Member of Congress

Don Beyer
Member of Congress

Sylvia R. Garcia
Member of Congress

Ted W. Lieu
Member of Congress

Henry C. "Hank" Johnson Jr.
Member of Congress

Tim Ryan
Member of Congress

John Yarmuth
Member of Congress

Lisa Blunt Rochester
Member of Congress

Diana DeGette
Member of Congress

John P. Sarbanes
Member of Congress

Madeleine Dean
Member of Congress

Alexandria Ocasio-Cortez
Member of Congress

Paul D. Tonko
Member of Congress

Grace F. Napolitano
Member of Congress

Jim Cooper
Member of Congress

Debbie Wasserman Schultz
Member of Congress

Andy Levin
Member of Congress

Lucille Roybal-Allard
Member of Congress

Julia Brownley
Member of Congress

Nanette Diaz Barragán
Member of Congress

Ro Khanna
Member of Congress

Bennie G. Thompson
Member of Congress

Al Green
Member of Congress

Carolyn B. Maloney
Member of Congress

Jerry McNerney
Member of Congress

Mary Gay Scanlon
Member of Congress

Yvette D. Clarke
Member of Congress

Joaquin Castro
Member of Congress

Alma S. Adams
Member of Congress

Jimmy Gomez
Member of Congress

Albio Sires
Member of Congress

Bill Pascrell, Jr.
Member of Congress

David Price
Member of Congress

Jamaal Bowman, Ed. D.
Member of Congress

Jim Himes
Member of Congress

John Garamendi
Member of Congress

Joe Neguse
Member of Congress

Ruben Gallego
Member of Congress

Norma J. Torres
Member of Congress

Debbie Dingell
Member of Congress

Veronica Escobar
Member of Congress

Marcy Kaptur
Member of Congress

Stephen F. Lynch
Member of Congress

Matt Cartwright
Member of Congress

Sean Casten
Member of Congress

Bobby L. Rush
Member of Congress

Tom Malinowski
Member of Congress

Teresa Leger Fernández
Member of Congress

Jahana Hayes
Member of Congress

Zoe Lofgren
Member of Congress

Joe Courtney
Member of Congress

Hakeem Jeffries
Member of Congress

Adam Schiff
Member of Congress

cc: Chairman Richard Neal and Chairman Ron Wyden