

October XX, 2021

Dear Speaker Pelosi and Leader McCarthy:

As Congress considers various tax proposals, we write in support of making Coronavirus Economic Relief for Transportation Services (CERTS) Act grants exempt from federal taxation in the first available legislative vehicle. The CERTS program enacted in December of 2020 has provided much needed relief for the motorcoach, school bus, and passenger vessel industries devastated by the Covid-19 pandemic.

The Paycheck Protection Program (PPP), Shuttered Venues Operators Grant (SVOG), and the Restaurant Revitalization Fund (RRF) grants were all made non-taxable while preserving the ability to deduct normal business expenses. The CERTS Act grants, however, are taxable. We believe this was an oversight and request your support for aligning the tax treatment of the relief provided to the covered CERTS industries with that provided other similarly impacted sectors. These funds were intended to be emergency relief and should be treated the same as other coronavirus relief funds, which are exempt from tax while preserving the ability to deduct business expenses. This clarification would help simplify tax compliance for our member companies, many of which are small and family businesses, as well as provide parity with other industries.

These industries provide essential transportation services to the public. Their operations were the first to shut down in 2020 and will be among the last to fully recover. The CERTS Act grants, while extremely beneficial, only replaced about 20% of lost revenue from 2020. With the Delta variant leading many commuters and travelers to continue to stay at home, the economic impacts on these industries will be prolonged. Many operators do not expect to return to “normal” business until sometime in 2023. Requiring these struggling businesses to pay back a large portion of these emergency grants in taxes will further delay their recovery.

As such, we request that you include a fix in the next legislative vehicle to assure that CERTS grant funding is exempt from the grantee’s taxable income. Thank you for your continued commitment to relief for hard-hit industries and to our economic recovery.

Sincerely,

Jimmy Panetta
Member of Congress

Darin LaHood
Member of Congress

Albio Sires
Member of Congress

John Rose
Member of Congress