A RESOLUTION

Urging the Congress of the United States to amend the Internal Revenue Code of 1986 to exempt economic relief for small businesses under the CARES Act from Federal taxation.

WHEREAS, The public health crisis caused by the COVID-19 pandemic has dramatically impacted the economy in this Commonwealth and throughout our nation; and

WHEREAS, The economic impact of the COVID-19 pandemic includes increased unemployment, rising business closures, a falling gross domestic product and other devastating economic consequences; and

WHEREAS, Small businesses have been hit particularly hard by the challenges presented by the COVID-19 pandemic; and

WHEREAS, A comprehensive, nationwide survey of small business owners found that about 74% of small business owners have taken on debt to cope with the financial losses caused by the COVID-19 pandemic; and

WHEREAS, Of the 603 small business owners surveyed in this Commonwealth in April of 2020, 63% reported that their
businesses are at risk of closing permanently and nearly 80% saw
their revenues decrease by more than 50%; and

WHEREAS, As a key driver of economic growth and employment,
successful small businesses play an important role in the
economic recovery of this Commonwealth and the entire United
States; and

WHEREAS, This Commonwealth received $2.6 billion in Federal
funding under the Coronavirus Aid, Relief, and Economic Security
Act (CARES Act); and

WHEREAS, Two hundred twenty-five million dollars of the CARES
Act funding was allocated to the Department of Community and
Economic Development for the purpose of the COVID-19 Relief
Pennsylvania Statewide Small Business Assistance program, which
is a program that distributes grants ranging from $5,000 to
$50,000 to small businesses that have been financially impacted
by the COVID-19 pandemic; and

WHEREAS, Thousands of these grants have been distributed
across this Commonwealth, and at least 50% of the grants were
awarded to historically disadvantaged small businesses, which
are small businesses that are at least 51% owned and operated by
individuals who are African American, Hispanic or Latino
American, Native American, Asian American or Pacific Islander
American; and

WHEREAS, This Federal funding has been essential in helping
small businesses survive during the COVID-19 pandemic by
assisting with operating expenses, technical assistance and debt
relief; and

WHEREAS, However, the Internal Revenue Service has announced
that Federal grants to a small business under the CARES Act will
be included in the business's gross income and subject to
Federal taxation; and

WHEREAS, These Federal grants are taxable due to changes made to the Internal Revenue Code of 1986 by the Tax Cuts and Jobs Act of 2017; and

WHEREAS, Small businesses in this Commonwealth should not be punished for receiving much needed economic relief from the Federal Government by being forced to pay more in Federal taxes; therefore be it

RESOLVED, That the House of Representatives of the Commonwealth of Pennsylvania urge the Congress of the United States to amend the Internal Revenue Code of 1986 to exempt economic relief for small businesses under the CARES Act from Federal taxation; and be it further

RESOLVED, That a copy of this resolution be transmitted to the presiding officers of each house of Congress and to each member of Congress from Pennsylvania.