August 10, 2021

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

Dear Leaders Schumer and McConnell:

I write to share the National Retail Federation’s opposition to S. Con. Res. 14, the FY22 Budget Resolution. We are concerned about the negative economic impacts to both business and consumers that stem from the budget package’s spending levels and funding mechanism. Please note that NRF will consider votes for the budget resolution as part of the Retail Opportunity Index for our voting scorecard.

NRF, the world’s largest retail trade association, passionately advocates for the people, brands, policies and ideas that help retail thrive. From its headquarters in Washington, D.C., NRF empowers the industry that powers the economy. Retail is the nation’s largest private-sector employer, contributing $3.9 trillion to annual GDP and supporting one in four U.S. jobs — 52 million working Americans. For over a century, NRF has been a voice for every retailer and every retail job, educating, inspiring and communicating the powerful impact retail has on local communities and global economies.

NRF is strongly opposed to raising the corporate tax rate to offset the costs of the recently released $3.5 trillion budget resolution. Raising the corporate rate to 28 percent would once again make the U.S. corporate tax rate among the highest in the industrialized world, which is a disincentive to investment in the United States and would impose further harm to a U.S. economy that continues to struggle recovering from the pandemic. The retail industry would particular be impacted by a raised corporate rate. Retailers are high effective taxpayers and utilize few of the tax incentives or credits in the Internal Revenue Code. If retailers have to pay a higher rate, it would result in a loss of jobs, closing of stores, and inability to invest in expanded e-commerce capability needed to compete in the post-pandemic marketplace. A recent EY study confirms the negative impacts to the economy, finding that a 28 percent corporate rate would lead to the loss of 750,000 to 850,000 jobs and declines in GDP and wages.

In addition to the harmful economic impacts to retailers, we are also concerned about harm to the consumer. A recent Salesforce report predicted retailers’ costs would increase 62 percent in the second half of 2021 compared to the same period last year due to additional
supplier costs, wage expenses and logistics costs. These increased costs along with rising inflation will lead to higher consumer prices. The study also found that retailers will experience a labor shortage of about 350,000 workers heading into the holiday shopping season. Raising the corporate tax rate by 33.3% would greatly exacerbate these issues for both retailers and their customers.

The dramatic increase in spending proposed in the budget resolution is a serious cause for concern given the current state of the economy. Using a raised corporate tax rate to fund the high spending levels would have severe ramifications on businesses and consumers. For these reasons, NRF urges members to vote “Nay” on the Budget Resolution.

Sincerely,

David French
Senior Vice President
Government Relations

cc: Members of United States Senate