



March 25, 2021

The Honorable Bernie Sanders
Chair
Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Lindsay Graham
Ranking Member
Senate Budget Committee
290 Russell Senate Office Building
Washington, DC 20510

Dear Chairman Sanders and Ranking Member Graham:

On behalf of the National Retail Federation (NRF), I write to express our industry's views on the topic of today's hearing, entitled "Ending a Rigged Tax Code: The Need To Make the Wealthiest People and Largest Corporations Pay their Fair Share of Taxes."

NRF is the world's largest retail trade association, representing discount and department stores, home goods and specialty stores, Main Street merchants, grocers, wholesalers, chain restaurants and internet retailers from the United States and more than 45 countries. Retail is the nation's largest private-sector employer, supporting one in four U.S. jobs — 52 million working Americans. Contributing \$3.9 trillion to annual GDP, retail is a daily barometer for the nation's economy.

One subject of today's hearing will be the so-called "Tax Excessive CEO Pay Act," which was introduced last week. This legislation would increase the corporate tax rate based on the "CEO Pay Ratio" employers report to the Securities and Exchange Commission (SEC).

Retailers oppose this legislation for multiple reasons. First, the U.S. corporate tax rate should be based on factors that focus on driving economic growth in the United States, including setting a globally competitive rate and attracting foreign direct investment into the United States. Secondly, the legislation relies on disclosures filed in accordance with the deeply flawed CEO Pay Ratio Rule. The rule, finalized in 2015, presents a highly distorted view of actual compensation rates for American retailers. Far from identifying companies with higher disparities between CEO and worker pay, the ratio, as presently calculated under SEC rules, merely highlights companies with higher proportions of part-time and temporary workers. This distortion is particularly pronounced in the retail industry, which, largely due to highly seasonal nature of

National Retail Federation

March 25, 2021

Page | 2

sales in our industry, employs far more short-term, part-time, and young workers than does general industry.

NRF stands ready to work with Congress on common-sense policies to foster economic growth as the nation recovers from the devastating ramifications of the pandemic, but retailers cannot support the imposition of onerous, burdensome, and job-killing taxes on American employers.

Sincerely,

A handwritten signature in black ink, appearing to read "David French". The signature is fluid and cursive, with a prominent initial "D".

David French
Senior Vice President
Government Relations