



NRF PROPOSALS FOR CONSIDERATION IN ECONOMIC STIMULUS PACKAGE

NRF's biggest priority is protecting the health and safety of customers, colleagues and communities, and ensuring retailers have a plan for continuity. We are actively communicating with retailers and health officials to help retailers prepare for and minimize the spread of coronavirus. We have created an online resource center for **ALL** retailers to access the latest information from government agencies and health experts to help retailers prepare for and minimize the spread of the disease. If coronavirus becomes a full-blown pandemic, there will be implications to the global economy and the local communities we serve. What we don't know is how long this will last and how quickly the economy will rebound from any setbacks, so recommendations include temporary, targeted measures as well as broad-based economic stimulus measures that can be dialed up if necessary. As Congress and policymakers consider fiscal stimulus options, NRF encourages consideration of the following options.

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. As consumer-facing businesses, retailers and restaurants will be on the front line of repercussions of social distancing caused by the coronavirus if the public stays home rather than shop or eat in restaurants.

Tax Proposals

Qualified Improvement Property (QIP) - An error in the 2017 tax law has caused retailers, restaurants and hotels to overpay what they should owe in taxes by tens of billions of dollars over the last two years. Fixing this error would allow these consumer-facing businesses to amend their tax returns and get a refund of those overpaid taxes. This cash-infusion of money that the government owes them will help these businesses weather a short-term downturn in sales that may result from the coronavirus. Fixing this error is considered to be a "technical correction" and therefore has no cost for budget scoring purposes (because the policy was originally intended by the drafters).

Employee Retention Tax Credit – The employee retention tax credit has been used in the past to provide relief to businesses that retain employees during natural disasters. For example, it is a tax credit that has been available to retailers that keep employees on the payroll in situations where they have to close a store where the employee works. It has been suggested that the credit be expanded to include employers that are experiencing financial impairment because of the corona virus, as an incentive to retain workers.

Payroll Tax Relief – Payroll tax relief has been suggested to help stimulate the economy in anticipation of an economic slowdown from the coronavirus. This mechanism has been used successfully in the past to help stimulate consumer spending, which has led the economy out of previous recessions.

Net Operating Loss (NOL) Carryback – Consideration should be given to reinstating the NOL carryback, which was repealed as part of the 2017 tax law. The NOL carryback would allow businesses to carryback losses they may have in 2020 due to an economic decline against previous years when they had taxable income. If the carryback is not reinstated, businesses will have to wait to future years when they are profitable again to offset the losses against income. Some businesses will not have the economic ability to wait to get their overpaid taxes back. The NOL carryback is an important tool, which has been used in previous periods of economic decline, to allow businesses in a loss position to get a cash infusion from taxes they have overpaid.

Suspend China Tariffs

The U.S. continues to collect tariffs on \$370 billion worth of imports on consumer goods and intermediate goods from China as a result of the Section 301 trade dispute. These tariffs, along with the ongoing retaliation from China, continues to have a negative impact on U.S. businesses, workers, consumers, and farmers. To date, these taxes have cost U.S. businesses \$45 billion and have cost the average U.S. family over \$1,200. The tariffs have contributed to the ongoing recession in U.S. manufacturing over the past five months by making the cost of intermediate goods more expensive. Suspending these tariffs in extraordinary economic circumstances is one way for the President to act decisively to stimulate the U.S. economy. Suspending the tariffs, along with China lifting their retaliatory tariffs could lead to a \$3 billion per month tax cut that helps boost exports. That could potentially lead to a 0.4% boost to GDP. This would be a decisive action from the President that would provide greater certainty to the markets, put dollars back in American pockets to spend more, and re-open markets for American farmers.

Workforce Policy

Retailers have existing workforce and emergency policies in place and are constantly evaluating those policies in light of the evolving coronavirus situation to keep their workforces safe and healthy. As lawmakers debate a variety of workforce policy measures, including paid sick leave, NRF cautions against new inflexible mandates that could have significant unintended consequences. Preserving flexibility and incentivizing voluntary expansion of paid sick leave programs is a superior approach to addressing the workplace challenges presented by the coronavirus and other employee needs. Any federal approach to paid sick leave must provide compliance relief in the form of pre-emption of the patchwork of state and local paid sick leave laws and corresponding restrictive scheduling laws.

In addition, with respect to the unprecedented situation related to the coronavirus, NRF would encourage lawmakers to evaluate existing federal employment-related programs, particularly

unemployment insurance, that could be deployed to augment private sector policies on a temporary basis for workers facing extended time away from work during a public health crisis.

Risk Insurance

Risk insurance legislation is needed to mandate that businesses who could demonstrate significant business interruption and sharp decline in present and future revenue would be insured in case of a possible pandemic or epidemic. The legislation would create a federal "backstop" for insurance claims related to a pandemic or epidemic. The specific purpose of the legislation would be to provide for a federal loss-sharing program to support the provision of insurance products that might be otherwise disrupted as the result of a widespread contagion. The Secretary of Health and Human Services in consultation with the Secretary of Homeland Security would certify a particular health event or outbreak as a pandemic or epidemic.