



RETAIL INDUSTRY LEADERS ASSOCIATION

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May 21, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Charles Schumer
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Speaker Pelosi and Leaders McConnell, McCarthy, and Schumer:

The Retail Industry Leaders Association (RILA) and its member companies appreciate the swift actions Congress has taken to provide economic support to American families, hardworking employees, and the U.S. economy. The Coronavirus Aid, Relief and Economic Security (CARES) Act struck the right balance of helping people get through the immediate crisis and preparing businesses to get up and running when it is safe to do so.

Over the last two months leading retailers have been at the forefront of protecting our communities by implementing protocols recommended by the Centers for Disease Control (CDC), Occupational Safety and Health Administration (OSHA), and the nation's governors to keep employees and customers safe and healthy. This has and continues to be retailers' primary objective. To that end, RILA created a [Blueprint for Shopping Safe](#) that encourages collaboration between businesses and government to safely re-open Main Street with an underlying commitment to helping families shop safe. We understand the path to an economic recovery is ensuring the safety, security, and confidence of workers and customers.

While we are partnering with governors to carefully unwind coronavirus-related restrictions on commerce and travel, allowing many businesses to safely reopen and bring workers back to storefronts and job sites, the economic carnage wrought by this virus is staggering. Twenty-one million people have lost their jobs, and with furloughs added, over 36 million workers have filed for unemployment benefits. More than two million of these jobs were in retail and retail sales plummeted by 16.4% in April, the steepest monthly drop ever recorded. We remain in unprecedented times, and the need for additional short-term economic stability for families, workers, and businesses is vital to a successful long-term recovery.

Today, we are providing additional recommendations to help families, and help stimulate an economic recovery. Given the unknown duration of economic uncertainty, Congress should focus on temporary aid to keep families financially secure while stabilizing and aiding the balance sheets of businesses to allow them to ultimately put people back to work and deliver private-sector paychecks again.

Leading retailers remain committed to ensuring the safety and health of employees and customers, restoring confidence in the economy through shopping safe, and providing stability to families by getting people back to work. These policy recommendations focus on and support these core commitments. Again, we hope you will take these proposals under consideration as you develop bipartisan legislation that restores and rebuilds the U.S. economy. The 52 million jobs that retail supports depends on it.

Please do not hesitate to reach out if you have questions or need more details on these policy proposals. We, once again, thank you for your leadership during these difficult times.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Michael Hanson', with a long horizontal line extending to the right.

Michael Hanson
Senior Executive Vice President, Public Affairs



Key Policy Recommendations to Help Workers Get Back to Work and Stimulate an Economic Recovery

Liability Protection

The retail community has been and continues to be on the front lines of the COVID-19 crisis with grocers, pharmacies, and other retailers implementing protocols to keep stores clean and sanitized, and keeping customers and employees as safe as possible. These protocols were developed in accordance with the CDC and other government guidelines with three key objectives: (1) protect our communities (2) allow for the safe reopening of retail and (3) establish clear expectations for employees and customers. And the retail industry will endeavor to update these recommendations as conditions change or if guidance from the CDC leads to the adoption of new protocols.

Despite these efforts to protect employees and customers, retailers are facing the potential threat of unwarranted and frivolous lawsuits that will divert limited resources away from reopening stores and getting employees back to work safely. With this in mind, it is prudent for Congress to provide a targeted and limited liability protection statute for companies that have implemented and followed federal health guidelines during the pandemic to protect their employees and customers in good faith. The enactment of commonsense liability protections that continues to allow legitimate claims of actual misconduct to move forward will be a benefit to employees, employers, and the economy.

Workforce

Getting people back to work with paychecks in their pockets is vital to restarting our economy. Congress must consider opening every avenue, to ensure individuals have the opportunities to reenter the workforce.

Creating an incentive for furloughed or laid-off employees to earn wages is a logical step. For example, a worker could pick up shifts either as a full time employee, temporary worker, or as an 1099/independent contractor to create maximum flexibility to a hiring company while maximizing the ability for individuals to quickly pick up shifts to supplement their Unemployment Insurance (UI) income regardless of their current situation.

Congress should consider mandating any state that receives assistance for continued and expanded UI allow individuals to accept part time work shifts without a reduction in current unemployment benefits.



Duty Relief

The president's Executive Order provided limited deferral of duties on a set of targeted goods. This was a welcome start to improving liquidity for American businesses, but because of the limited nature of the action and lack of notice, more is needed. The ability to defer duties will have an immediate impact by putting retailers in a stronger financial position to return to normal business operations and help get workers back to work.

This can be accomplished by expanding and extending the limited duty relief provided in the Executive Order by (1) deferring the due dates for all duties and fees for at least 180-days, (2) extending duty deferral for merchandise entered in May and June 2020, and (3) applying duty deferral retroactively to merchandise entered in March, April, May, and June 2020 would do even more to assist retailers as they navigate this unprecedented pandemic.

Continuing to pay duties is creating a real financial strain on retail companies that are struggling to pay their employees and their business expenses. Deferring duties will ensure retailers are better positioned to stabilize their companies, retain their employees, and conserve needed capital as the country begins to reopen.

Business Recovery and Insurance Preparedness

The novel coronavirus continues to have a devastating impact on most businesses. Thousands of stores temporarily closed their doors to protect their employees and customers, putting paychecks, employees, and hard-working families at risk.

For businesses to fully recover, Congress should enact short and long-term policy measures to stabilize both company balance sheets and the economy. These types of measures will add certainty to business operations by providing the ability to plan strategically for new and unforeseen disruptions in the market and business cycles.

Congress should consider creating a "recovery fund" through the Department of Treasury, to provide immediate relief to help businesses retain and rehire staff, pay rent, meet certain debt obligations, and pay state and local taxes. Additionally, Congress should establish a new government supported risk insurance program to cover business losses during a pandemic, which are not covered under current business interruption insurance policies.

The recovery fund will address the overwhelming need for immediate capital support to businesses today by providing rapid liquidity into the business and commercial sector. A pandemic risk insurance program (PRIA), modeled after the Terrorism Risk Insurance Program (TRIA), will ensure that insurers have the necessary financial support to cover business losses and provide the business community the assurance they need to have access to insurance for a potential reemergence of COVID-19 later this year.



Buy Safe America – Protecting Consumers and Employees

During this pandemic, the focus has been on protecting employees and customers from contracting the novel coronavirus along with stabilizing the economic conditions to allow our nation to recover from this severe downturn. However, during this same time criminals have continued to take advantage of unsuspecting citizens by selling stolen and counterfeit consumer goods at exorbitant prices.

Congress has the opportunity to enact simple, straightforward measures that will increase transparency, bolster law enforcement, and increase accountability for those that sell products on online marketplaces. These measures will provide law enforcement with the ability to identify and arrest career criminals and give federal and state prosecutors the necessary funding to win convictions more easily.

These commonsense measures will bring the same accountability to online marketplace sellers as already exist in brick and mortar retail stores. Customers should expect the same transparency and accountability whether they buy products at their local retailer or on their computer or mobile devices.

For Congress to reign in these criminal elements and protect individuals from purchasing counterfeit and stolen products, including many that make fraudulent COVID-19 health claims, policies should be adopted that require more seller transparency for online retail marketplaces to better enable enforcement of price gouging, fraud, and sale of stolen goods. This includes strengthening law enforcement by enacting a Federal Organized Retail Theft Investigation and Prosecution Unit within the Department of Justice to coordinate federal investigations and support state investigations into organized retail criminal rings, especially those taking advantage of retail customers during a crisis.

Key Tax Legislative and Regulatory Priorities to Help Retain Employees, Protect Workers and Customers, and Stabilize Finances

Congress enacted important tax and regulatory relief provisions in the CARES Act that have allowed businesses to retain their employees and partially offset the devastating economic effects the novel coronavirus has had on employees and the industry. With the continuing economic downturn, more targeted relief should be provided to help employees, families, and businesses recover and stabilize their finances.

Employee Retention Credit

Enact changes that would enhance the Employee Retention Credit by increasing the credit percentage to 80 percent, increasing the maximum wages allowed for the credit to \$15,000 per quarter, and allowing employers whose gross receipts declined by greater than 10 percent to at least partially claim the credit.



Shop Safe and Healthy Tax Credit

Retailers have and are beginning to retrofit their stores to accommodate the installation of protective equipment to keep their employees and customers safe and healthy. Tax credits are warranted for investments/improvements required in the current and post COVID-19 environment (i.e. physical barriers, technology, expenses related to cleaning and reconfiguring stores and distribution centers...etc.), which will provide a safe working and shopping environment.

Worker Retraining and Hiring Tax Incentives

Make the Work Opportunity Tax Credit (WOTC) permanent and create an additional category of covered employee to include those who lost jobs as a result of COVID-19. This will result in companies hiring and retraining additional workers as the economy recovers and adapts to a post COVID-19 world.

Extend Net Operating Loss (NOL) Carryback Period and Provide for Accelerated Refunds

Extend the five-year carryback period for NOL's in the CARES Act to 10 years as well as allow companies to accelerate receipt of 2020 NOL carryback tax refunds by modifying the existing quick refund process to allow carrybacks of anticipated current year tax losses now.

Immediate Deduction of 2020 Social Security Taxes and Payroll Tax Holiday

The Treasury Department should use its authority to allow companies to deduct in 2020 the employer share of Social Security taxes deferred until 2021 and 2022 under the CARES Act. Current law provides the deductions to be taken in 2021 and 2022.

The payroll tax deferral should instead be converted into a one-year payroll tax holiday. Deferral created a short-term loan to companies; however, liquidity challenges will run much longer and deeper than expected. Repayment in 2021 and 2022 will hurt spending in both years and will be counterproductive.

Further Extension of Filing/Payment Date Beyond July 15

Further extend the filing/payment date for business taxpayers to October 15 or December 15.

Federal Tax Credit for Real Estate Taxes Paid to States

Provide a one-year federal business tax credit to reimburse retailers for their state and local real property taxes paid or accrued in either 2019 or 2020. Temporarily providing retailers with a credit to cover their real property tax obligations would provide much needed liquidity to these businesses, while also helping to shore up state and local public finances by discouraging the pursuit of property valuation challenges.

