



February 16, 2021

The Honorable Ron Wyden
Chairman, Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Mike Crapo
Ranking Member, Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Wyden, Ranking Member Crapo, and Members of the Senate Finance Committee:

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, I write to wish you a safe, healthy, and productive start to the 117th Congress. NTU has worked on policy matters under the Committee's jurisdiction for the entirety of its 51-year history, and we look forward to working with you over the next two years on shared goals and priorities for taxpayers.

As the nation continues to face the public health and economic challenges of the COVID-19 pandemic, and a unique set of deadlines that impact taxpayers in the new year, NTU's team of policy experts and advocates have honed in on a realistic set of policy priorities for 2021 under the Committee's jurisdiction. We share them with you now in the hopes that we can work with Democratic and Republican Senators to accomplish bold reform throughout the 117th Congress.

- **Reauthorize Trade Promotion Authority (TPA) and reduce tariffs:** TPA, last authorized in 2015, expires on July 1, 2021.¹ As NTU's Brandon Arnold said of the last authorization of TPA, "Trade is about lowering tariffs, which is just another word for taxes, tariffs that block our access to markets abroad, tariffs that raise the price of goods for consumers, that raise the price of business inputs – that makes it more difficult, more costly to manufacture here in our country. Trade is about taxes. Anyone who supports lower taxes should support TPA."² After years of harmful trade wars and cyclical rounds of tariffs and retaliatory tariffs -- and with the COVID-19 pandemic still negatively affecting international commerce -- now is the time to provide American businesses and consumers with certainty on free trade. Reauthorizing TPA is a strong start. NTU also strongly supports legislation like the Stop PPE Taxes Act from Sens. Pat Toomey (R-PA) and Maggie Hassan (D-NH),³ which would temporarily suspend all tariffs imposed via Section 301 of the Trade Act of 1974 for medical products needed to fight COVID-19 through 2022. We stand ready to work with any Senators looking to reduce trade barriers and promote strong free trade agreements in the 117th Congress.

¹ Fergusson, Ian F. "Trade Promotion Authority (TPA)." Congressional Research Service, Updated December 14, 2020. Retrieved from: <https://crsreports.congress.gov/product/pdf/IF/IF10038> (Accessed January 6, 2021.)

² National Taxpayers Union. (June 12, 2015). "NTU Joins Free Market Advocates at Pro-TPA Press Conference." Retrieved from: <https://www.ntu.org/publications/detail/na-3>

³ Aiello, Thomas, and Lautz, Andrew. "Tenth Installment of NTU's "No Brainers" List: Ten Bipartisan Bills That Can Bridge the Partisan Divide." National Taxpayers Union, September 17, 2020. Retrieved from: <https://www.ntu.org/publications/detail/tenth-installment-of-ntus-no-brainers-list-ten-bipartisan-bills-that-can-bridge-the-partisan-divide>

- **Provide tax relief and certainty for COVID-related remote work:** One of the major disappointments for NTU out of the December COVID relief package was that it did not include a fix to the tax uncertainty many remote workers are facing during the pandemic. Our colleagues at NTU Foundation (NTUF) have found that at least two million Americans will face new tax obligations due to their remote working status.⁴ In the new year, Congress should consider legislation similar to the bill introduced by Sens. John Thune (R-SD) and Sherrod Brown (D-OH) -- the Remote and Mobile Worker Relief Act -- that would protect remote workers from unfair, overzealous out-of-state tax collectors.
- **Provide COVID-era flexibility to owners of tax-favored savings accounts:** The December relief bill built on important efforts from lawmakers and regulators to provide the owners of tax-favored savings accounts -- such as Health Savings Accounts (HSAs), Flexible Spending Arrangements (FSAs), and Individual Retirement Accounts (IRAs) -- much-needed flexibility on existing account rules during the disruptive pandemic. The December bill gave FSA holders the ability to roll over account dollars from one year to the next,⁵ and the CARES Act allowed HSA holders to use their account dollars for over-the-counter medications.⁶ Congress should continue to pursue opportunities to provide owners of tax-favored accounts temporary relief from rules that may be overly restrictive during the pandemic. It should also explore bipartisan opportunities to expand these accounts, such as expanding eligible dependent care FSA expenses to tele-learning opportunities⁷ and raising the dependent care FSA annual contribution limit.⁸
- **Make pro-growth changes to the expensing provisions of the Tax Cuts and Jobs Act (TCJA):** Starting in 2022, businesses will need to amortize their research and development (R&D) costs over five years instead of fully and immediately expensing them. Starting in 2023, the temporary full and immediate expensing allowed for businesses' short-lived assets by the TCJA begins to phase down -- until it reaches zero percent in 2027. Both of these provisions of the TCJA should be repealed, so that businesses can permanently, fully, and immediately expense their costs for short-lived assets and R&D costs. It is critical that Congress act on this sooner rather than later, given any delay will reduce the chance that businesses confidently make job-creating investments during the post-COVID recovery. The American Innovation and Competitiveness Act (AICA)⁹ and the Accelerate Long-term Investment Growth Now (ALIGN) Act¹⁰ from the 116th Congress are both excellent templates for expeditiously making these changes to the tax code.

⁴ Wilford, Andrew, and Moylan, Andrew. "A Legislative Framework for Addressing Remote Work Nexus Issues." National Taxpayers Union Foundation, June 25, 2020. Retrieved from:

<https://www.ntu.org/foundation/detail/a-legislative-framework-for-addressing-remote-work-nexus-issues>

⁵ Arnold, Brandon, and Lautz, Andrew. "Evaluating the End-of-Year Spending Bill: The Good, the "Meh," and the Ugly." National Taxpayers Union, December 21, 2020. Retrieved from:

<https://www.ntu.org/publications/detail/evaluating-the-end-of-year-spending-bill-the-good-the-meh-and-the-ugly>

⁶ Adameczyk, Alicia. "You can now use your FSA or HSA funds for over-the-counter medications and feminine care products." *CNBC*, April 23, 2020. Retrieved from: <https://www.cnn.com/2020/04/23/use-your-fsa-or-hsa-funds-for-over-the-counter-medications.html> (Accessed January 6, 2021.)

⁷ Lautz, Andrew. "IRS Should Expand DCFSAs Flexibility to Virtual Education Expenses." National Taxpayers Union, November 17, 2020. Retrieved from: <https://www.ntu.org/publications/detail/irs-should-expand-dcfsa-flexibility-to-virtual-education-expenses>

⁸ U.S. Congresswoman Cindy Axne. (March 2, 2020). "Rep. Axne Unveils Bipartisan Legislation to Help Iowa Families Keep Up with Rising Child Care Costs." Retrieved from:

<https://axne.house.gov/media/press-releases/rep-axne-unveils-bipartisan-legislation-help-iowa-families-keep-rising-child> (Accessed January 6, 2021.)

⁹ Aiello, Thomas, and Lautz, Andrew. "Tenth Installment of NTU's "No Brainers" List: Ten Bipartisan Bills That Can Bridge the Partisan Divide." National Taxpayers Union, September 17, 2020. Retrieved from:

<https://www.ntu.org/publications/detail/tenth-installment-of-ntus-no-brainers-list-ten-bipartisan-bills-that-can-bridge-the-partisan-divide>

¹⁰ Arnold, Brandon. "Toomey Bill to Make Full Expensing Permanent Would Fuel Economic Growth." National Taxpayers Union, February 13, 2020. Retrieved from:

<https://www.ntu.org/publications/detail/toomey-bill-to-make-full-expensing-permanent-would-fuel-economic-growth>

- **Codify some health regulatory changes from the prior Administration:** While some of the Trump Administration’s activity on health care was subject to partisan disagreement and discord, we believe a few of the Administration’s regulatory efforts to expand health coverage options for Americans should be codified into law. This includes expanded Health Reimbursement Arrangements (HRAs) -- which may benefit millions of Americans over the next decade¹¹ -- Association Health Plans (AHPs), and expanded Short-Term Limited Duration Insurance (STLDI). Though some Democrats have opposed STLDI expansion, we believe lawmakers should *expand* health coverage options available to Americans during a pandemic rather than *shutting down* coverage options. Concerns about the marketing of STLDI can and should be dealt with through narrow legislation or regulatory action, rather than by closing off a coverage option for millions of Americans.
- **Ensure robust implementation of, and build further upon, the Taxpayer First Act (TFA):** NTU considered the TFA a commendable step forward in protecting taxpayer rights,¹² but important work lies ahead. Congress must ensure that implementation of the Independent Office of Appeals, customer service, and IT improvements in the Taxpayer First Act is more fully realized and expedited. Lawmakers must also ensure that both the Senate Finance Committee and the House Ways and Means Committee have a thorough, thoughtful discussion over IRS's upcoming report on reorganization as mandated by TFA. We would also urge Congress to explore and support additional improvements that were left out of TFA and which could facilitate a future agency reorganization, including but not limited to developing new "best practices" for e-filing, EITC claims, Tax Court access, alternative dispute resolution, and other procedures designed primarily for individuals and businesses who were especially challenged with tax administration difficulties during the pandemic. Lastly, we ask the Committee to advocate for an IRS budget that reflects the proper balance of investments in customer service, IT, and enforcement.
- **Evaluate reforms to the credit union industry:** Over the last several years, NTU has grown increasingly concerned about the questionable practices of many large credit unions to compete directly with traditional banks. In a comprehensive Issue Brief published in 2020, we identified numerous examples of abuses and concluded that the operations of some tax-exempt credit unions have begun to resemble those of taxpaying financial institutions.¹³ We believe that this Committee has a responsibility to demand enhanced transparency from the credit union industry, examine potential abuses that run counter to an institution’s tax-exempt purpose, and enact reforms. Specifically, in your jurisdiction, the Committee should consider revenue-neutral tax adjustments, extending 990 compliance, subjecting unrelated business income to taxation, and requesting the GAO conduct a study on further reforms to the industry.
- **Pass the Public Buildings Renewal Act (PBRA):** With many public buildings in a state of disrepair, the bipartisan PBRA would, through sensible federal tax policy, enable more Public-Private Partnerships for the restoration of state and local government buildings. PBRA smartly and carefully expands the availability of Private Activity Bonds to help underwrite more Public-Private Partnerships (PPPs) for

¹¹ Federal Register. (June 20, 2019). “Health Reimbursement Arrangements and Other Account-Based Group Health Plans.” Retrieved from:

<https://www.federalregister.gov/documents/2019/06/20/2019-12571/health-reimbursement-arrangements-and-other-account-based-group-health-plans> (Accessed January 6, 2021.)

¹² Glass, Kevin. “Taxpayer First Act Is Commendable Step Forward In Protecting Taxpayer Rights.” National Taxpayers Union, June 25, 2019. Retrieved from:

<https://www.ntu.org/publications/detail/taxpayer-first-act-is-commendable-step-forward-in-protecting-taxpayer-rights>

¹³ Aiello, Thomas. “Due to Growing Concerns, Congress Should Take a Fresh Look at the Merits of the Credit Union Tax Exemption.” National Taxpayers Union, February 18, 2020. Retrieved from:

<https://www.ntu.org/publications/detail/due-to-growing-concerns-congress-should-take-a-fresh-look-at-the-merits-of-the-credit-union-tax-exemption>

these facilities, such as hospitals, schools, courthouses, and more. In fact, these PPPs have proven to save as much as 25 percent over the life-cycle project cost -- a significant savings for taxpayers over the long-term. In short, it empowers the private sector, which is more efficient and competent, rather than the federal government to restore these buildings.

NTU and its team of experts and advocates stand ready to work with you on any and all of the above matters, and we hope we can be a resource to you and your colleagues throughout the 117th Congress. Should you have any questions or wish to discuss Committee issues with us further, please do not hesitate to reach out.

Sincerely,

Andrew Lautz
Policy and Government Affairs Manager

Thomas Aiello
Policy and Government Affairs Manager

CC: Members of the Committee on Finance