



March 25, 2021

Ms. Janet Yellen
Secretary, United States Treasury

Submitted via email

RE: Urgent Request for Clarification on H.R. 1319 (American Rescue Plan Act of 2021)

Secretary Yellen,

On behalf of the organizations listed below, we are asking for your immediate clarification on language included in H.R. 1319 that we believe could prevent California from investing in critical anti-poverty and business recovery programs.

As signed into law, H.R. 1319 includes the following restriction on the use of the funds allocated by the bill: "A State or territory shall not use the funds provided under this section or transferred pursuant to section 603(c)(4) to either directly or indirectly offset a reduction in the net tax revenue of such State or territory resulting from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax (by providing for a reduction in a rate, a rebate, a deduction, a credit, or otherwise) or delays the imposition of any tax or tax increase¹."

While we understand the intent of this language, it is overly broad and is now limiting and could prevent well-intentioned and critical aid legislation from moving forward in the California Legislature. Inclusion of the word "indirectly" has created much confusion for policymakers and the business community, who are working together in a bipartisan manner to support tax credits, fee waivers and other assistance programs to small businesses, restaurants, non-profits and other industries disproportionately affected by the COVID-19 pandemic.

Additionally, California continues to invest critical dollars into the state's most successful anti-poverty program, the Earned Income Tax Credit (EITC). However, we have serious concerns that H.R. 1319 could prevent an expansion of the EITC at a time when additional tax credits to working families is most critical. Working families have been disproportionately hurt by this pandemic and deserve certainty that an expanded EITC is possible now and in the future.

¹ <https://www.congress.gov/bill/117th-congress/house/bill/1319/text#H37CB065800C04564B129FFB3400DF3D0>

Given the serious and urgent need, we are asking for your immediate clarification on H.R. 1319 to provide states certainty that critical anti-poverty and business recovery proposals are not limited by this language.

Thank you in advance for your immediate consideration of this request. We are happy to speak with you about this issue at your earliest convenience.

Sincerely,

California Business Roundtable
California Chamber of Commerce
California Manufacturers & Technology Association
California Building Industry Association
California Trucking Association
California Retailers Association
California Business Properties Association
California Builders Alliance
California Restaurant Association
Family Business Association of California
Silicon Valley Leadership Group
Orange County Business Council
Associated General Contractors
Los Angeles County Business Federation
Sacramento Regional Builders Exchange
Greater Bakersfield Chamber of Commerce
Rancho Cordova Chamber of Commerce
Official Police Garage Association of Los Angeles
Folsom Chamber of Commerce
Roseville Chamber of Commerce
El Dorado County Chamber of Commerce
Yuba-Sutter Chamber of Commerce
El Dorado Hills Chamber of Commerce
United Chamber Advocacy Network
Elk Grove Chamber of Commerce

cc: California Governor Gavin Newsom
U.S. Senator Dianne Feinstein
U.S. Senator Alex Padilla
California Congressional Delegation
California Legislature