RE: Employee Retention Tax Credit and Charitable Nonprofits

Dear Speaker Pelosi, Majority Leader Schumers, Republican Leader McCarthy, Republican Leader McConnell, Chairman Neal, Chairman Wyden, Ranking Member Brady, and Ranking Member Crapo:

The nonprofit sector faces unprecedented challenges as we assist you and the American people in providing pandemic relief and economic recovery. Prior to the pandemic, charitable nonprofits employed more than 12 million people, making us the third largest employer in the country – larger than the construction, financial services, and manufacturing industries. As of July 2021, over 600,000 nonprofit jobs were lost due to the pandemic and still haven’t returned. Now, more than ever, nonprofits and the communities we serve need your support.

Congress enacted several support programs for businesses and nonprofits over the course of the pandemic, but as acknowledged by many, relief for charitable organizations has fallen short. While we recognize there are many competing priorities that could be included in the budget reconciliation bill, we believe Congress must do more to ensure that the needs of charitable nonprofits are highlighted during this once-in-a-generation moment. We urge you to prioritize support for the Employee Retention Tax Credit (ERTC) during the Ways and Means Committee and Finance Committee September markups of that legislation.

Congress created the ERTC as part of the CARES Act to encourage businesses and nonprofits to keep employees on their payroll through 2020. Last December, Congress extended the ERTC through the middle of 2021 and expanded the program to allow an applicant who had previously received a Paycheck Protection Program loan to also be eligible for an ERTC. Finally, in March of 2021 in the American Rescue Plan Act, Congress extended the ERTC through the end of 2021. Unfortunately, access to the ERTC for the fourth quarter of 2021 would be taken away upon passage of the bipartisan Infrastructure Investment and Jobs Act.
The ERTC is a refundable payroll tax credit for nonprofits and businesses that was designed to provide a financial incentive for employers to keep employees on their payrolls and continue to deliver important services during the pandemic and in its immediate aftermath. The ERTC was helping to do exactly what its name required: allowing nonprofits and businesses to retain critical employees in the face of the economic challenges caused by the pandemic. Since its creation last year, the ERTC has become a true lifeline for nonprofit economic viability. Tens of thousands of organizations are now counting on Fourth Quarter 2021 access to an ERTC to support the financial decisions they made to bring employees back on the payroll and increase operating capacity to serve their communities.

Specifically, we ask you to prioritize continued and robust support for the ERTC in the committee markups for budget reconciliation by:

- Allowing charitable nonprofits to access the ERTC during the Fourth Quarter of 2021;
- Extending nonprofit eligibility for the ERTC through 2022 to help ensure a strong economic recovery from the pandemic; and
- Amending the definition of nonprofit “gross receipts” for the ERTC program to better reflect revenue available to support the work of nonprofits amid the pandemic.

Nonprofits are doing everything we can to serve communities across America during the pandemic. As the nation recovers, our sector will play a critical role in rebuilding the economy, restoring livelihoods, and strengthening communities. The undersigned national charitable nonprofit organizations seek your support for urgent relief through retention and improvement of the ERTC in budget reconciliation that will enable charitable organizations to contribute to our nation’s relief, recovery, and rebuilding.

Sincerely,

American Alliance of Museums
Americans for the Arts
Association of Art Museum Directors
Boys & Girls Clubs of America
Cancer Support Community
Catholic Charities USA
CERF+ The Artists Safety Net
Council on Foundations
Dance/USA
ETS
Girl Scouts of the USA
Girls Inc.
Goodwill Industries International, Inc.
Habitat for Humanity International
Independent Sector
JCC Association of North America
Jewish Federations of North America
KABOOM!
League of American Orchestras
Meals on Wheels America
Mental Health America
National Art Education Association (NAEA)
National Council of Nonprofits
NECHAMA - Jewish Response to Disaster
Network of Jewish Human Service Agencies
OPERA America
The Nonprofit Alliance
Theatre Communications Group
Union for Reform Judaism
United Philanthropy Forum
United Way Worldwide
Volunteers of America
YMCA of the USA
YWCA USA