



December 18, 2020

The Honorable Mitch McConnell
Majority Leader
United State Senate
S-230, U.S. Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
United State Senate
S-221, U.S. Capitol
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, U.S. Capitol
Washington, DC 20515

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

The Power & Communication Contractors (PCCA) represents contractors, manufacturers, and distributors who build and repair America's power and communications infrastructure, including electric transmission, distribution, and substation facilities and broadband, telephone, and cable television systems. PCCA supports passage of the omnibus spending package and we especially appreciate provisions that address problems associated with the tax treatment of loans provided by the Paycheck Protection Program (PPP), as well as new funding to facilitate broadband deployment.

Tax Treatment on PPP Loan Forgiveness

The PPP has allowed small businesses to pay their employees and cover many critical non-payroll expenses through federally guaranteed loans since the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted. PCCA supported the establishment of the PPP, which has authorized some \$525 billion in loans that have helped more than five million small businesses across the country in the face of the ongoing pandemic.

Despite the fact that the CARES Act provided that any portion of a PPP loan qualifying for loan forgiveness could be excluded from gross income for tax purposes, the Internal Revenue Service (IRS) has indicated that no deduction will be allowed for expenses paid where the taxpayer "reasonably expects to receive forgiveness" during the five-month life of the PPP. This interpretation translates into a transformation of tax-free loan forgiveness into taxable income and an unexpected and potentially devastating tax increase of up to 37 percent subject to the 2020 tax bills of millions of small businesses.

Fortunately, the Emergency Coronavirus Relief Act of 2020 clarifies that business expenses paid for with the proceeds of PPP loans are in fact tax deductible, consistent with Congressional intent in the CARES Act. PCCA strongly supports this correction, and we thank you for ensuring its inclusion in the final relief bill.

Broadband Deployment in Covid-19 Relief Package

Ensuring for high-speed broadband service remains a national priority as keeping America connected is more important than ever before. Countless hospitals are near or at full capacity, many schools and other critical buildings remain closed or have significantly reduced access, and remote-work directives

all underscore the importance of reliable access to broadband.

PCCA supports the funding provided for broadband deployment provided in the legislation. However, strong oversight should accompany the allocation of federal dollars to ensure that these resources are spent in the most effective way. PCCA has long supported policy that encourages the use of fiber-optic broadband infrastructure, which is clearly the only material proven to be able to provide broadband service to meet current and future demand. To that end, PCCA believes speed requirements of 100/100 Mbps should be included in the eligibility criteria to access any federal support dollars used for broadband deployment.

These speeds are undoubtedly needed for modern day telemedicine, home-schooling, and increasing reliance on virtual meetings, and only technology that can achieve these speeds should be considered. Policy that allows for simple repair and refurbishment of antiquated copper systems serves as little more than a temporary fix and actually perpetuates the underlying problem of allowing some carriers to provide minimum service needed to secure access to federal funding. In short, policies that encourage the replacement of antiquated telecommunications systems with contemporary fiber networks are sorely needed.

Ensure Access to Existing Resources Under the CARES Act

The CARES Act provided some \$150 billion for state and local governments to pay for necessary expenditures incurred due to the public health emergency with respect to the coronavirus between March 27 and December 30 of this year. Because of the flexibility provided in the CARES Act, many state and local governments have used these resources to pay for broadband infrastructure projects needed to ensure broadband access. However, these needed resources will no longer be available unless the deadline of December 30 is extended.

Legislation such as the State and Local Coronavirus Relief Fund Extension Act (S 4494) and the Leveraging Options for Counties and Localities (LOCAL) Act (HR 7854) would push the deadline for government entities to spend CARES Act dollars from December 30, 2020, to December 31, 2021. PCCA strongly encourages you to include this simple provision in the final omnibus/coronavirus relief bill in the remaining days of the 116th Congress.

PCCA will continue to perform the vast majority of construction related to broadband deployment at a time when broadband access is unquestionably essential, and we appreciate your leadership in keeping broadband deployment at the forefront of America's response to the Covid-19 pandemic.

Thank you for your consideration.

Best Regards,

John W. Fluharty II

John Fluharty
Chairman