



December 11, 2020

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

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

On behalf of the American Society of Landscape Architects (ASLA), I am writing to urge you to take legislative action to address the tax treatment of loan forgiveness under the Paycheck Protection Program (PPP). Specifically, Congress should overrule Internal Revenue Service (IRS) Notice 2020-32 that disallows businesses from claiming tax deductions for expenses paid with PPP loans. Congress must act now so that this does not affect the next tax filing season.

As you know, the PPP has helped many small businesses, including small landscape architecture firms, remain viable during the current COVID-19 crisis. However, many firms accessed PPP loans with the understanding that the funds would not be treated as taxable income, as was clearly defined in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Unfortunately, IRS Notice 2020-32 declares that “no deduction is allowed under the Internal Revenue Code (Code) for an expense that is otherwise deductible if the payment of the expense results in forgiveness of a covered loan pursuant to section 1106(b) of the CARES Act, leaving many landscape architecture firms and other businesses unfairly responsible for unanticipated tax liabilities.

More than 90 percent of all landscape architecture firms are small businesses—the backbone of our nation’s economy. Many of these firms have been hard hit by the pandemic and its economic impacts. However, as a whole, landscape architects have continued to provide critical community services during these trying times. Landscape architects are creating and repurposing outdoor spaces to allow schools and communities to continue to have cutting-edge places to educate and recreate, active transportation including biking and walking, and for businesses to have outdoor commerce—all critical services during the pandemic.

As the American economy continues to suffer and attempts to rebound from the downturn resulting from COVID-19, now is not the time to force our small businesses to be responsible for unforeseen and unreasonable tax burdens. ASLA’s members accessed

the PPP loan program in good faith and under the specific guidelines prescribed by the authorizing legislation. IRS Notice 2020-32 undermines the integrity of the PPP and unjustly forces our businesses to be responsible for the resulting liabilities.

ASLA understands that Congress has recognized the unjustness of IRS Notice 2020-32 with attempts to reverse the notice in several pieces of legislation. However, these measures have stalled, leaving little time and opportunity to address this issue before the end of the tax year. ASLA urges you to reverse the travesty of this tax liability in the upcoming “must-pass” omnibus appropriations measure or the desperately needed COVID-19 relief measure. Our small businesses are depending on your leadership.

I look forward to working with you on this and other issues affecting landscape architects. Please do not hesitate to contact me at tcarterconneen@asla.org or 202-216-2379.

Sincerely,

A handwritten signature in black ink, appearing to read "Torey Carter-Conneen", with a long, sweeping horizontal line extending to the right.

Torey Carter-Conneen
Chief Executive Officer