

December 9, 2008

The Honorable Charles Rangel
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Jim McCrery
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Charles Grassley
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Chairmen Rangel and Baucus, and Ranking Members McCrery and Grassley:

We urge you to enact legislation at the earliest opportunity that would extend the carryback period for net operating losses (NOLs) and include AMT (alternative minimum tax) NOL relief. Such action would help struggling companies of all sizes – in all sectors of the economy – retain jobs, make critical investments, and in some cases, stay open for business.

A temporary extension of the NOL carryback period would provide an immediate infusion of cash for those companies most in need. Under current law, businesses may carry back losses for only two years, generating a tax refund to the extent of taxes paid in those years. Losses that cannot be absorbed in these two years are carried forward, for use against future taxes that may be owed. Legislation allowing companies to carry back losses to earlier profitable years would simply convert a future tax benefit into cash today, when it is most needed.

In the past, Congress has used NOL carryback relief as a ready tool to help lift the economy out of recession. Most recently, the Job Creation and Worker Assistance Act of 2002 provided a five-year carryback for 2001 and 2002 NOLs and AMT NOL relief. This action provided critical relief for struggling manufacturers, retailers, and companies in many other industries. In other instances, Congress has provided even longer loss carryback periods.

We would note that the “bonus depreciation” and “expensing” provisions were enacted as part of the Economic Stimulus Act of 2008. For companies in a loss position, however, increased current-year deductions generated by these provisions will provide little or no economic help. An expanded NOL carryback period is one of the few effective means of reaching companies most in need.

In short, an expanded NOL carryback period is a proven economic stimulus measure, one that can deliver vital help to our nation's struggling employers. If there was ever a time for NOL relief, it is now.

Sincerely,

AMT - The Association For Manufacturing Technology
American Bankers Association
American Boat Builders and Repairers Association
American Forest & Paper Association
American Sportfishing Association
American Wire Producers Association
Associated Equipment Distributors
Association of Equipment Manufacturers
Association of Marina Industries
Association of the Nonwoven Fabrics Industry
Automotive Aftermarket Industry Association
Battery Council International
Boating Trades Association of Metro Houston
Boating Trades Association of Texas
Book Manufacturers' Institute, Inc.
Business Roundtable
Central Florida Marine Trades Association
Connecticut Marine Trades Association
Environmental Industry Associations
Equipment Leasing and Finance Association
Financial Services Roundtable
Glass Packaging Institute
International Council of Shopping Centers
International Wood Products Association
Lake Erie Marine Trades Association
Lake Havasu Marine Association
Manufacturing Jewelers and Suppliers of America, Inc.
Marine Industries Association of South Florida
Marine Industry Association of Central Florida
Marine Industry Association of Florida
Marine Retailers Association of America
Marine Trade Association of Metro Atlanta
Marine Trades Association of New Jersey
Massachusetts Marine Trades Association
Metal Powder Industries Federation
Michigan Boating Industries Association
National Association of Chain Drug Stores
National Association of Homebuilders
National Association of Manufacturers
National Association of Wholesaler-Distributors

National Concrete Masonry Association
National Council of Chain Restaurants
National Electrical Contractors Association
National Lumber and Building Material Dealers Association
National Marine Manufacturers Association
National Mining Association
National Restaurant Association
National Retail Federation
National Solid Wastes Management Association
National Wooden Pallet and Container Association
New York Marine Trades Association
Newspaper Association of America
Northwest Marine Trade Association
Outdoor Power Equipment Institute
Plastic Pipe and Fittings Association
Precision Machined Products Association
Recreation Vehicle Dealers Association
Recreation Vehicle Industry Association
Rhode Island Marine Trade Association
Salt Institute
Securities Industry and Financial Markets Association
South Carolina Marine Association
Southern California Marine Association
Southwest Florida Marine Industries Association
Synthetic Organic Chemical Manufacturers Association (SOCMA)
Tennessee Marine Dealers Association
Textile Rental Services Association of America
The Adhesive and Sealant Council, Inc.
The National Association of Plumbing, Heating, and Cooling Contractors
U.S. Chamber of Commerce
Waste Equipment Technology Association