



September 13, 2021

The Honorable Richard Neal
Chairman
House Committee on Ways and Means
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member
House Committee on Ways and Means
Washington, DC 20515

Dear Chairman Neal and Ranking Member Brady:

I write to share the National Retail Federation's strong opposition to the tax increases under consideration this week in the House Ways and Means Committee. Much of the approximately \$3 trillion in tax increases will fall on businesses, large and small. We believe the impact will be particularly hard felt by our nation's retailers and our consumers.

NRF, the world's largest retail trade association, passionately advocates for the people, brands, policies and ideas that help retail thrive. From its headquarters in Washington, D.C., NRF empowers the industry that powers the economy. Retail is the nation's largest private-sector employer, contributing \$3.9 trillion to annual GDP and supporting one in four U.S. jobs — 52 million working Americans. For over a century, NRF has been a voice for every retailer and every retail job, educating, inspiring and communicating the powerful impact retail has on local communities and global economies.

NRF is strongly opposed to raising the corporate tax rate to offset the costs of the recently released \$3.5 trillion budget resolution. Raising the corporate rate to 26.5 percent would once again make the U.S. corporate tax rate among the highest in the industrialized world, which is a disincentive to investment in the United States and would impose further harm to a U.S. economy that continues to struggle recovering from the pandemic. Because retailers are high effective taxpayers, able to utilize few of the tax incentives or credits in the Internal Revenue Code, they are particularly hard hit by an increase in the tax rate – be it the corporate rate increase or the rate increases that are proposed for smaller businesses that use a “pass-through” model. If retailers face a higher rate, it will result in a loss of jobs, closing of stores, and inability to invest in expanded e-commerce capability needed to compete in the challenging post-pandemic marketplace. A recent EY study commissioned by NRF confirms the negative impacts to the economy, finding that a 28 percent corporate rate would lead to the loss of 750,000 to 850,000 jobs and declines in GDP and wages.

In addition to the harmful economic impacts to retailers, we are also concerned about harm to the consumer. A recent Salesforce report predicted retailers' costs would increase 62 percent in the second half of 2021 compared to the same period last year due to additional supplier costs, wage expenses and logistics costs. These increased costs along with rising inflation will lead to higher consumer prices. The study also found that retailers will experience a labor shortage of about 350,000 workers heading into the holiday shopping season. Raising the corporate tax rate by 26 percent, as the Ways and Means Committee proposes, would greatly exacerbate these issues for both retailers and their customers.

The dramatic increase in spending proposed in the budget resolution is a serious cause for concern given the current state of the economy. Using higher taxes on business to fund the high spending levels would have severe ramifications on businesses and consumers. We urge you to vote against the massive tax increase under consideration in the Ways and Means Committee.

Sincerely,



David French
Senior Vice President
Government Relations

CC: House Committee on Ways and Means Members