

December 9, 2008

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable John Boehner  
Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, D.C. 20510

Dear Congressional Leaders:

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