



TESTIMONY

HOUSE COMMITTEE ON FINANCE

HB 1787 INCOME TAX, STATE: ESTABLISHES AN EXCLUSION FOR PAYCHECK PROTECTION LOAN FORGIVENESS

JANUARY 2021

Awesta Sarkash

Small Business Majority

Dear Chairwoman Watts, Vice Chairman Keam and Members of the Committee:

My name is Awesta Sarkash and I'm the Government Affairs Manager for Small Business Majority, a national small business organization whose mission is to empower entrepreneurs to build a thriving and inclusive economy. I am submitting testimony to express my support for House Bill 1787 authored by Delegate McNamara, which would establish an income tax exclusion for forgiveness through the Paycheck Protection Program (PPP).

As we inch closer toward the one-year anniversary of the COVID-19 crisis in the U.S., stories and data from small business owners across the country, and in the Commonwealth, have illuminated the dire reality of what they continue to face. In fact, our most [recent survey](#) from October found 35% of small businesses wouldn't last three more months without additional relief.¹ That is why the PPP was and remains such a critical lifeline for Virginia's small businesses.

In December, Congress passed the Coronavirus Response and Relief Supplemental Appropriations Act, which clarified that small business assistance, including PPP forgiven funds, are not taxable income and that deductions are allowed for otherwise deductible expenses paid with the proceeds of this small business assistance. Virginia should follow suit at the state level—otherwise, small businesses will have to navigate inconsistent tax regulations while trying to keep their doors open and their employees paid. HB 1787 would create parity in how PPP funds are treated at both the federal and state level.

I urge you to vote in favor of HB 1787 to support Virginia's small businesses during this difficult time.

Thank you,

Awesta Sarkash
Government Affairs Manager
Small Business Majority

¹ More than 1 in 3 small businesses won't survive past the next three months without additional financial relief, October 2020, <https://smallbusinessmajority.org/our-research/survey-more-1-3-small-businesses-won-t-survive-past-next-three-months-without-additional-financial-relief>