



TESTIMONY

HOUSE COMMITTEE ON FINANCE

SB 1146 INCOME TAX, STATE; CONFORMITY WITH THE INTERNAL REVENUE CODE

February 8, 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 Senate Bill 1146 authored by Senator Howell, which would provide up to \$50,000 in deductions related to the Rebuild Virginia Grants and up to \$50,000 for forgiven PPP loans.

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](#) revealed 52% of small business owners report their revenues are still down today compared to a year ago.¹ This is why 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. SB 1146 would create parity in how PPP funds are treated at both the federal and state level and would allow small businesses not to incur more debt during the pandemic. Additionally, I would recommend increasing the \$50,000 cap to the median PPP loan size to help more businesses without providing a tax break to large businesses.

I urge you to vote in favor of SB 1146 to support Virginia's small businesses during this difficult time.

Thank you,

Awesta Sarkash
Government Affairs Manager
Small Business Majority

¹ Small businesses continue to face closures in 2021, January 2021, <https://smallbusinessmajority.org/our-research/small-businesses-continue-face-closures-2021>