



4/20/2021

To: Senate Committee on Finance

RE: Opposing Taxation of Paycheck Protection Grants

The Associated General Contractors of Vermont is a trade association that represents Vermont's road, bridge, commercial, residential, and environmental builders. The association's membership employs 15,000-18,000 Vermonters annually and offers jobs paying well above the Vermont's livable wage. The average wage for a construction worker is \$61,762 in addition to health and other benefits. Although limited outdoor construction began as early as 6 weeks after the Stay Home Stay Safe order thousands of jobs were protected through pandemic using Paycheck Protection Program loans which became or are becoming grants if they funds were spent on payroll and approved expenses. Without PPP employers would have laid off thousands. When we consider the sheer scope of the program that spans all types of employers, we must realize without it we would have likely bankrupted the unemployment trust fund.

Employers were urged in panicked nature by National and State entities that they should jump in line for a lifeline from the Federal government. The rules had not even been set by the time state government was promoting a program everyone should "jump on or lose out" which is documented in many cases. Many members took advantage of the second draw in February and by that time the Federal governments position was they are not taxable. Even then in February, while the legislature was meeting, no one even hinted that Vermont would consider taxing the program.

AGC/VT urges this committee to find a vehicle to put Federal tax link up language for all PPP grants. This will help businesses navigate through the existing COVID-19 crisis which is still in process. While we are seeing the executive orders shift allowing more options for people within their personal lives, businesses are aware that COVID-19 protocols and liability issues will continue for years.

Our position that the program should not be taxed is simply based on disclosure. Had businesses been given clear and definite rules related to PPP many may have chosen to lay off employees because they simply could not pay the tax on top of the other expenses and low income during COVID-19.