



July 29, 2020

The Honorable George E. B. Holding  
United States House of Representatives  
1110 Longworth House Office Building  
Washington, DC 20515

Dear Representative Holding:

The North Carolina Medical Society represents physicians and physician assistants who care for every patient in our state. We are requesting Congressional action to clarify and correct what we believe to be unintentional tax consequences of policies intended to aid health practices through the Public Health and Social Services Emergency Fund and other federal programs responding to the COVID-19 pandemic.

After the passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Paycheck Protection Program (PPP) was specifically exempted from being taxed. However, after the passage of the CARES Act further technical clarification discovered that entities receiving PPP funds would from be able to maintain tax deductions for expenditures attributable to PPP funds. There is bi-partisan support to address this particular issue, the House included a correction in the Health and Economic Recovery Omnibus Emergency Solutions (HEROS) Act.

We request a similar clarification for tax paying health providers that does the following:

1. Ensures funding provided in response to COVID-19 is not taxable.
2. Ensures entities who received these funds maintain tax deductions attributable to these funds.

Unfortunately, without these corrections, tax paying health providers lose at least 21% of the benefit of these funds and are unequally impacted compared to non-tax-paying providers. We believe this is an unintended consequence of the legislation that can be remedied.

We applaud Congress for the swift decision making that has helped the health care community continue to care for patients amidst the COVID-19 crisis. It is critical that the intended legislation is not diluted by technical issues and should proceed to use the funding to ensure patient access and practice viability. A simple streamlining of the process would ensure all entities receive 100% of the assistance Congress intended. Please feel free to contact me by email ([rseligson@ncmedsoc.org](mailto:rseligson@ncmedsoc.org)) or cell phone (919-306-0056) if you have any questions.

Sincerely,

Robert W. Seligson, MBA, MA  
Executive Vice President, CEO