

# Targeted Relief for the Hospitality and Food & Beverage Industries

The March 13, 2020 declaration of the COVID-19 national emergency set into motion an unprecedented interruption in the hospitality industry and the food and beverage supply chain, with federal, state, and local jurisdictions ordering the immediate closure of all non-essential businesses. As a result of the shutdowns, businesses in the food and beverage industry have experienced significant losses in inventory due to the lack of merchantability of products that spoiled, expired, or were no longer suitable for human consumption.

To remedy this problem, legislation has been introduced that offers a limited, one-time tax credit to businesses that suffered these pandemic-related shock losses in 2020. The legislation, **H.R. 1346/S. 477, the Hospitality and Commerce Job Recovery Act of 2021**, includes several tax relief proposals, including the proposal for perishable inventory, that aim to provide businesses in the impacted hospitality, travel, and food and beverage industries targeted tax relief.

## NBWA Key Priorities:

- **Addressing Inventory Shock Losses:** The Hospitality and Commerce Job Recovery Act of 2021 is bipartisan legislation in the House and Senate to help jumpstart hospitality industry businesses as American consumers prepare to return to regular business and leisure travel. The bipartisan legislation offers short-term, limited tax relief for businesses that experienced pandemic-related shock losses in 2020 due to perishable food and beverage inventory that spoiled and became unmerchantable.
- **Targeted Tax Relief:** The legislation allows for a tax credit for the entity in possession of the product on the date that it became no longer merchantable and requires an offset of the tax credit for any compensation received by the taxpayer from insurance coverage or any cost-sharing arrangements. Allowing a limited, one-time tax credit will assist businesses with keeping their doors open and employees on the payroll.
- **Protection of Donations to Food Banks:** The legislation does not disrupt or disincentivize future food and beverage donations to the hunger community, food banks, or other charities. Specifically, inventory eligible to receive a tax credit is limited to product that became unmerchantable in the window of March 13, 2020 to September 30, 2020. Additionally, product that spoiled during this window was ineligible for donation at that time, as it was no longer consumable.

## NBWA Encourages Congress to:

- ✓ Cosponsor H.R. 1346/S. 477, the Hospitality and Commerce Job Recovery Act of 2021, by contacting:

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