

United States Senate
WASHINGTON, DC 20510

November 8, 2021

The Honorable Janet Yellen
Secretary of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Yellen:

The pandemic and related supply chain interruptions have hit the auto industry particularly hard. Making matters worse, many businesses that use the last-in, first-out (LIFO) inventory method will face significant, unforeseen tax liabilities due to their inability to replace vehicle inventory. There has been a major disruption of the global supply chain with slow-downs and factory closures, particularly with semiconductors, leaving businesses with drastically lower inventories. We are writing to ask for your assistance to grant temporary LIFO relief to businesses that have severe inventory shortages because of the pandemic.

Businesses using the LIFO inventory method must maintain a minimum level of inventory at year-end or risk recognizing excess gains that result in LIFO recapture. Supply chain disruptions have made it virtually impossible for auto and truck dealers to maintain this minimum level of LIFO inventory.

Fortunately Congress has anticipated this scenario. Temporary relief is available for businesses that cannot maintain minimum inventory levels through no fault of their own, such as a major foreign trade interruption under Section 473 of the Internal Revenue Code. We urge you to exercise your authority as Treasury Secretary to provide this relief since the current circumstances are the result of a major foreign trade interruption.

The automotive industry is facing an unprecedented inventory shortage, and it will take many months to recover – which will continue to impact local businesses, employees, and their customers throughout our states and across the country. It is critical to the health of the auto industry that we help businesses maintain their cash flow and replace their inventory over a period of up to three years as granted in Section 473. This will help give businesses time to restock and replenish inventory, and keep assembly lines moving.

We respectfully urge you to grant Section 473 relief as expeditiously as possible to help protect the auto industry and all its workers. Thank you again for your efforts to ensure a speedy economic and automotive recovery.

Sincerely,

_____/s/_____
Sherrod Brown
United States Senator

_____/s/_____
Ron Wyden
United States Senator

_____/s/_____
Margaret Wood Hassan
United States Senator

_____/s/_____
Amy Klobuchar
United States Senator

_____/s/_____
Patty Murray
United States Senator

_____/s/_____
Angus S. King, Jr.
United States Senator

_____/s/_____
Catherine Cortez Masto
United States Senator

_____/s/_____
Alex Padilla
United States Senator

_____/s/_____
Chris Van Hollen
United States Senator

_____/s/_____
Robert P. Casey, Jr.
United States Senator

_____/s/_____
Benjamin L. Cardin
United States Senator

_____/s/_____
Tina Smith
United States Senator

_____/s/_____
Richard Blumenthal
United States Senator

_____/s/_____
Jackie Rosen
United States Senator

_____/s/_____
Dianne Feinstein
United States Senator

_____/s/_____
Tim Kaine
United States Senator

_____/s/_____
Tammy Baldwin
United States Senator

_____/s/_____
Raphael Warnock
United States Senator

_____/s/_____
Debbie Stabenow
United States Senator

_____/s/_____
Gary C. Peters
United States Senator