

# U.S. Sen. Baldwin: Joins Senate colleagues in urging Treasury Department to provide COVID-related tax relief due to global supply chain disruption of vehicles

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WASHINGTON, D.C. – U.S. Senator Tammy Baldwin has joined a group of her colleagues in a letter to U.S. Department of Treasury Secretary Janet Yellen, urging her to provide tax relief to auto dealers experiencing inventory shortages due to global supply chain issues. Pandemic-related supply chain disruptions have impacted businesses and consumers, with slow-downs and factory closures, particularly with semiconductors, leaving businesses with drastically lower inventories. These disruptions could leave auto dealers in Wisconsin and across the country with unexpected tax liability if not addressed.

“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,” **wrote the senators.**

The letter was led by Sherrod Brown (D-OH) and was also signed by U.S. Senators Tina Smith (D-MN), Amy Klobuchar (D-MN), Debbie Stabenow (D-MI), Gary Peters (D-MI), Maggie Hassan (D-NH), Patty Murray (D-WA), Angus King (I-ME), Catherine Cortez Masto (D-NV), Alex Padilla (D-CA), Chris Van Hollen (D-MD), Bob Casey (D-PA), Ben Cardin (D-MD), Richard Blumenthal (D-CT), Jacky Rosen (D-NV), Ron Wyden (D-OR), Diane Feinstein (D-CA), Tim Kaine (D-VA), and Raphael Warnock (D-GA).

“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,” **the senators wrote to Secretary Yellen.**

“The National Automobile Dealers Association appreciates Senator Brown’s leadership in urging Treasury Secretary Yellen to exercise her authority to help the auto industry recover from depleted inventory due to a COVID-related global supply chain interruption of vehicle production. With historically low vehicle inventories and the continued shortage of semiconductor chips, granting this petition will help dealerships replenish inventory and retain much-needed jobs during the still fragile economic recovery,” **said Mike Stanton, President and CEO of the National Automobile Dealers Association (NADA.)**

Supply chain disruptions have had far-reaching impacts in Wisconsin. While demand has remained strong over the last year, production has been hindered by insufficient materials across many industries. The shortage of microchips is a barrier to increased vehicle production.

In addition to supporting this effort to secure tax relief for auto dealers under Section 473, [Senator Baldwin recently introduced the Supply Chain Resiliency Act](#), which would alleviate current supply chain bottlenecks and prevent future disruptions by investing in American companies to reduce our reliance on long supply chains and ensure that critical products are made in America.

The full text of the senators’ letter can be found [here](#).