

January 27, 2022

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
S-221, The Capitol
Washington, D.C. 20510

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
H-204, The Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
S-230, The Capitol
Washington, D.C. 20510

Dear Speaker Pelosi, Leader Schumer, Leader McCarthy, Leader McConnell,

We urge you to include H.R. 4750/S. 2872, the Performing Artist Tax Parity Act (PATPA), in any FY 22 omnibus legislation that may come before the U.S. House of Representatives and Senate for a vote in February. Introduced by Reps. Judy Chu (D-CA) and Vern Buchanan (R-FL) in the House and Sens. Mark Warner (D-VA) and Bill Hagerty (R-TN) in the Senate, this bipartisan legislation would update the Qualified Performing Artist (QPA) deduction to correct an unintended consequence of tax reform that has caused a drastic tax increase for middle class creative professionals.

Actors, stage managers, dancers, musicians, cinematographers, and many other creative professionals spend 20 to 30 percent of their income on necessary expenses to secure and maintain employment, including instruments, travel to auditions, managers and talent agents, and camera equipment. Prior to 2017, these creators could claim miscellaneous itemized deductions for these business expenses. Without the ability to deduct these expenses, middle class creative professionals have experienced significant tax increases and struggled to make ends meet even before the COVID-19 pandemic.

PATPA would restore tax fairness for middle class creative professionals, whether they are union members or not, by updating the eligibility threshold for the QPA deduction. It also would help these individuals seek employment at a time when our industries cannot afford a worker shortage. QPA allows certain performing artists the option to take an “above the line” deduction for unreimbursed expenses. Currently the adjusted gross income threshold for the QPA deduction is \$16,000, a level unchanged since QPA’s inception in 1986. PATPA would modernize and update these outdated levels to \$100,000 for single taxpayers and \$200,000 for joint filers, and also add a built-in phase out to help transition the taxpayer out of the deduction.

The ability to claim the QPA deduction would meaningfully impact the lives of creative professionals and their families. According to information from the Volunteer Income Tax Assistance (VITA) program, a Pennsylvania sound engineer would realize a tax savings of over \$4,500 under PATPA. A Nevada actor would pay \$1,500 less in taxes. A New York musician would save \$3,000. This is money that these middle class professionals can put toward the next

month's rent, putting food on the table, and contributing to their local economies.

Including PATPA in a FY 2022 omnibus bill will also go a long way toward helping professionals in the creative sector who were hard-hit by the COVID-19 pandemic and continue to be impacted by the current variant.

Sincerely,

American Composers Forum
Actors' Equity Association
American Federation of Musicians
American Guild of Musical Artists
American Guild of Variety Artists
Broadway League
Carnegie Hall
Dance USA
Department for Professional Employees, AFL-CIO
Guild of Italian American Actors
International Alliance of Theatrical Stage Employees, Moving Picture Technicians,
Artists and Allied Crafts
League of American Orchestras
Motion Picture Association
Office and Professional Employees International Union
Opera America
Oregon Shakespeare Festival
Performing Arts Alliance
Recording Industry Association of America
Screen Actors Guild - American Federation of Television and Radio Artists
Stage Directors and Choreographers Society
Theatre Communications Group
Theatre Producers League of Southern California
Writers Guild of America, East

cc: The Honorable Rosa DeLauro
The Honorable Kay Granger
The Honorable Patrick Leahy
The Honorable Richard Shelby
The Honorable Richard Neal
The Honorable Kevin Brady
The Honorable Ron Wyden
The Honorable Mike Crapo