

## OUR VIEW

Fix the PPP  
tax debacle

More than 63,000 Oregon businesses received Paycheck Protection Program loans this year.

The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll during the COVID-19 pandemic. The loans went beyond saving payrolls, however. In many cases, these loans saved entire businesses from closure and bankruptcy.

As we enter some difficult winter months with COVID-19 still raging and disrupting normal business, many PPP loan recipients are beginning to realize that the expenses paid from the proceeds of these loans are viewed as nondeductible by the IRS. That is, that money that most firms thought came without strings attached, are still responsible for taxes on that money as income.

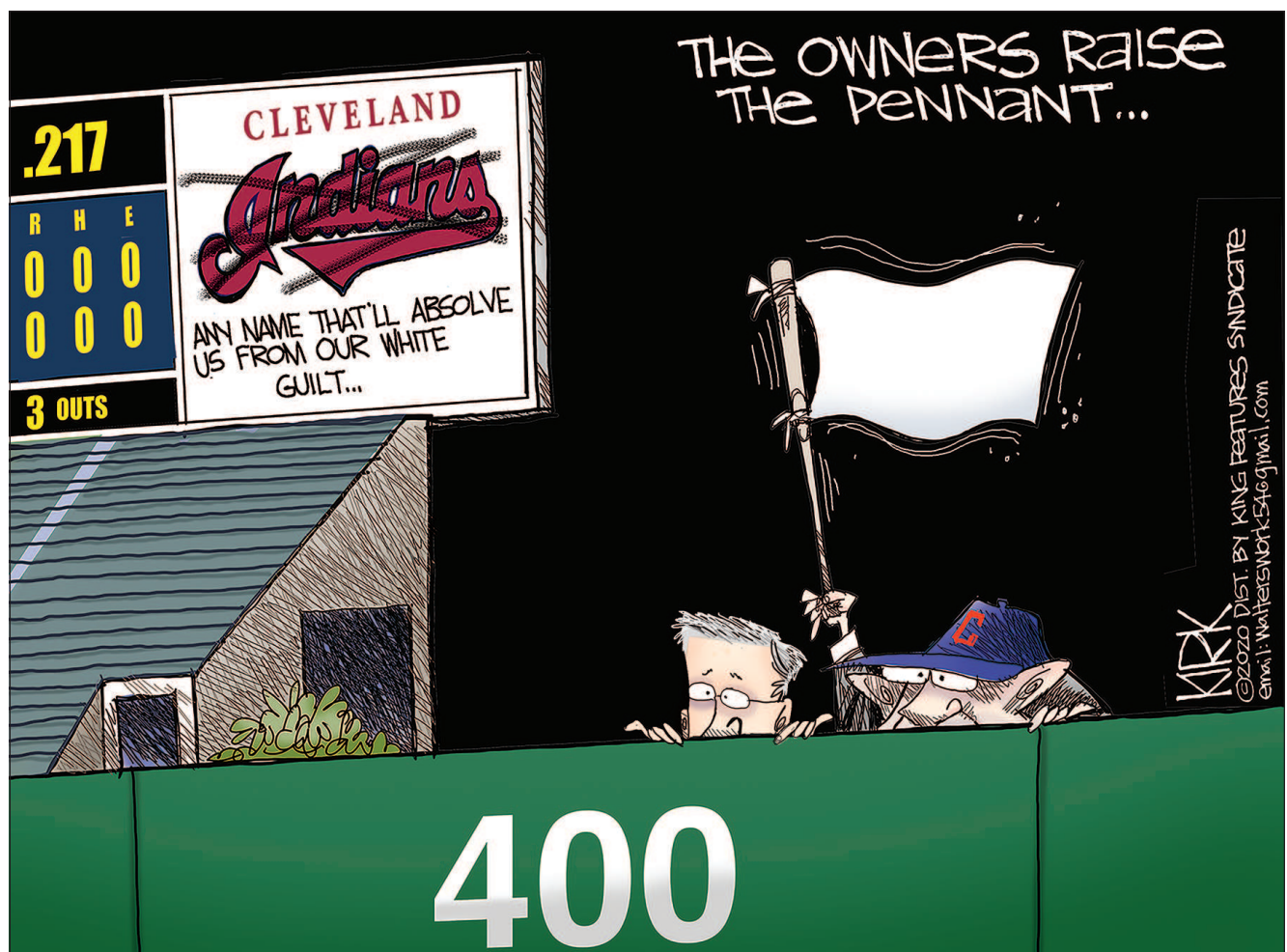
If Congress fails to act quickly, many PPP loan recipients stand to have as much as 45% of their PPP loan proceeds taken back when 2020 federal and state income taxes are filed this spring. For example, a firm that received \$2 million in PPP may be responsible for paying \$400,000 in taxes. That is a double-whammy to most businesses. It is not logical, nor does it seem to have been congressional intent, to have such a large portion of the PPP funds reclaimed by taxes in the same tax year.

One section of the CARES Act (The Coronavirus Aid, Relief, and Economic Security Act) specifically excluded forgiven loan amounts from the taxpayer's gross income for federal tax purposes. However, the CARES Act failed to address the deductibility of expenses paid by a taxpayer with the proceeds of a PPP loan, effectively nullifying any tax exemption.

Lacking any specific legislation to speak to the deductibility of expenses, on April 30, 2020 the IRS issued Notice 2020-32, providing that expenses paid with proceeds from a PPP loan are not deductible for federal income tax purposes. On May 1, Chairman of the Senate Finance Committee, Sen. Chuck Grassley of Iowa, expressed disappointment with the IRS's ruling and suggested it was contrary to legislative intent.

Despite the clear communication from members of Congress regarding the intent of the CARES Act, six months later we are still waiting for legislation to override the IRS's April 30, 2020 ruling.

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## No Facebook? No problem

By Cathy O'Neil

What would happen if Facebook disappeared tomorrow? Would people suddenly be unable to communicate online? Would the economy screech to a halt? Would anyone be deprived of a good, service or piece of information that was somehow crucial to their existence?

Of course not. Which is why one of the company's main arguments against a breakup — that it's too big and complex to dismember — makes no sense.

Some companies play such an important role in the economy or in people's lives that their failure or disintegration could be disastrous. This allows them to drive a hard bargain with the government if they get into trouble: Help us, or else. During the 2008 financial crisis, for example, the government had little choice but to rescue the largest U.S. banks, lest their demise bring down the country's whole system of credit and payments. In this sense, they were "too big to fail" — and they have grown even bigger since.

It's easy to see why people might place Facebook in a similar category. It's big, among the largest companies in the world by market capitalization — thanks in large part to the pace at which

it has vacuumed up the competition, with the blessing of U.S. authorities. With more than 200 million users in the U.S. alone, it definitely plays a role in a lot of people's lives — so much so that it has aggravated the country's divisions by enticing people to delve ever deeper into conspiracy theories about vaccines, COVID-19 and much else.

So what would happen if, as a result of the antitrust suits filed by the Federal Trade Commission and state attorneys general, a court ordered Facebook to split up, reversing its acquisitions of WhatsApp and Instagram? The company's lawyers argue that the various businesses have become so inextricably interwoven that a breakup would be extremely difficult, generating costs and chaos that would harm users worldwide. In other words, don't mess with us, or else.

Really? No doubt, the breakup would be difficult for Facebook's managers, who rely on data sharing among WhatsApp, Instagram, and Facebook to create the most complete possible profiles of users and then sell their attention to the highest bidder. If the companies were separated, all the investment they'd been making into surveillance and

targeting wouldn't immediately work out as well as they had hoped. For them, the product is the advertising, not the service to users.

For users, though, there would hardly be a difference. Most try to ignore the advertising anyway — or occasionally get creeped out when they see an ad for a product they'd been researching elsewhere. They're primarily there for the content from celebrities and their friends, or to communicate through group chats and messaging systems. The apps are already separate icons on their computers and phones.

Even in the highly unlikely event that all three apps somehow failed, it's hard to imagine consumers suffering much. They have plenty of other ways to reach each other, such as Twitter, Zoom and email. Given the role Facebook has played in polarizing society, there might even be some upside.

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## Letters to the editor

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## Grinch's message more powerful than ever

I watched the Grinch carve a slice off the roast beast and slide the plate over to Cindy Lou Who, and my throat suddenly felt slightly constricted, and my eyes warm with moisture.

I've seen this Dr. Seuss TV classic, which first aired in 1966, probably 50 times since I was a child, born just four years after its debut.

It remains for me, as it no doubt does for millions of other Americans of my generation, a tradition without which the Christmas season would feel slightly hollow, lacking its full complement of mirth and joy.

But I don't recall that the conclusion of "How the Grinch Stole Christmas!" ever affected me quite so profoundly as it did on a recent Sunday evening.

I didn't even see the whole show.

I happened upon the Grinch while mindlessly meandering through the on-screen channel guide. By the time I tuned in, the titular green character had made considerable progress in robbing the Whos down in Whoville of their every Christmas gift and decoration, save for hooks and some wire on the walls.

The true climax of the program,



JAYSON JACOBY

of course, is the Grinch's epiphany as he listens, from the summit of Mount Crumpet, to the Whos happily singing together to greet Christmas morning.

Although I can appreciate the point of this scene — the Whos are so filled with the spirit of the season that they celebrate despite being victims, one and all, of a particularly malicious serial burglar — even as a child I don't recall being quite credulous enough to completely buy it.

Maybe I was an unusually cynical child, but it always struck me that this wasn't an altogether normal reaction — that no town, even an isolated mountain village like Whoville, could be occupied solely by people of such equanimity.

Perhaps the group of less pacific Whos, the Whos who would have been screaming for vengeance and rounding up a well-armed posse to go after the thief, were sleeping it off after chugging a couple too

many egg-nogs on Christmas Eve.

Anyway, that scene, however inspiring, didn't extract any particular emotion as I watched its familiar sequence the other evening.

(Although I chuckled, as usual, when the circle of Who singers, to permit the Grinch's overloaded sleigh to enter the town circle, formed a sort of human gate that swung back and then closed again. A small thing, sure, but it's the sort of whimsical detail that makes Dr. Seuss' work so magical.)

What got me, somewhere in the region where my heart dwells, were the final poetic rhymes, delivered in narrator Boris Karloff's inimitable timbre, his voice as warm and soothing as a woolen cloak donned on a chilly morning.

*"Welcome, Christmas, bring your cheer;*

*Cheer to all Whos, far and near.  
Christmas Day is in our grasp  
So long as we have hands to clasp.*

*Christmas Day will always be  
Just as long as we have we.*

*Welcome, Christmas, while we stand*

*Heart to heart and hand in hand."*

Such simple themes they are, rendered in rudimentary verse and mostly one-syllable words.

And yet in this context simplicity, as it so often does, infuses those brief lines with a power that no combination of complicated meter and mellifluous adjectives could ever approach.

The poem seems almost child-like, something a third-grader might create while bent over a diminutive desk, clutching a No. 2 pencil and reproducing the recently learned letters with particular care.

But the message carries an infinite wisdom, a truth immeasurable.

"Just as long as we have we."

This, I think, is the key line.

Never in my lifetime have there been more reasons, should a person be inclined to pessimism and despair, to resist the tug of holiday nostalgia.

I suspect many people much older than I am feel the same.

It is all too easy to succumb to sadness, to lament all that we have lost in 2020.

I certainly have done so at times.

I have whined to myself, in especially melancholy moments,

about vacations canceled and family celebrations foregone and an overall sense that so much that was familiar is strange, and that perhaps we won't ever quite make it back to where we were before.

And yet, as I watched a cartoon, I realized, with no small amount of shame, how trifling my disappointments are, how self-indulgent.

So many people have lost vastly more than I have over these dismal months.

My family is healthy. I have four children, two of them adults who have made their own happy homes, and all four are thriving. My two grandsons, one nearing his fourth birthday, the other almost halfway through his second year, live just a few blocks away. Their wonder at the world is not tainted by the recent troubles, their joy at the recent fall of snow the purest sort of reaction.

Christmas, as the Grinch so famously discovered, will come.

We need only welcome the season, to embrace its magic with our hands and, most important, with our hearts.

*Jayson Jacoby is editor of the Baker City Herald.*