

The Honorable Ron Wyden
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Richard Neal
Chairman
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Mike Crapo
Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

June 22, 2021

Chairman and Ranking Members:

The undersigned trade associations represent millions of individually- and family-owned businesses operating in every sector of the American economy. We write to voice our strong opposition to any reductions or repeal of the 20-percent deduction for qualified business income under Section 199A, including phasing out the deduction above certain income thresholds.

Section 199A is an essential part of the Tax Code. Without it, individually- and family-owned Main Street businesses would pay significantly higher taxes, putting them at a competitive disadvantage and accelerating the economic consolidation taking place in our economy.

Individually- and family-owned businesses organized as pass-throughs are the backbone of the economy. They employ the majority of private-sector workers and comprise 95 percent of all businesses. Nearly 40 percent of these businesses closed their doors during the COVID pandemic, putting their owners and employees at risk. Section 199A provides critical tax relief to these businesses, enabling them to keep more of what they earn to reinvest in their employees and the communities they serve.

To ensure this focus on job creation and investment, Section 199A limits the deduction for larger pass-through businesses to those that have significant employment and investment levels. If a large pass-through business doesn't create jobs and invest in its community, it doesn't get the deduction. Section 199A's laser focus on real businesses with real employees helped motivate the introduction of bipartisan legislation (H.R. 1381 and S. 480) to make the deduction permanent.

Proposals to limit or repeal the deduction would hurt Main Street businesses and result in fewer jobs, lower wages, and less economic growth in thousands of communities across the country. Such changes would amount to a direct tax hike on America's Main Street employers, a key reason why the tax plan released by the White House in March left the deduction fully intact.

For these reasons, we support the Biden administration's decision to leave the Section 199A deduction intact and we strongly oppose any attempt to cap or repeal it by Congress.

Sincerely,

AAHOA
Agricultural Retailers Association
AICC, The Independent Packaging Association
Air Conditioning Contractors of America
American Bakers Association
American Bankers Association
American Council of Engineering Companies
American Farm Bureau Federation
American Financial Services Association
American Foundry Society
American Hotel & Lodging Association
American Institute of Architects
American Land Title Association
American Mold Builders Association
American Rental Association
American Subcontractors Association
Associated Builders and Contractors
Associated Equipment Distributors
Associated General Contractors of America
Associated Wire Rope Fabricators
Auto Care Association
Brick Industry Association
The CCIM Institute
Coalition of Franchisee Associations
Construction Industry Round Table
Energy Marketers of America
Family Business Coalition
The Fertilizer Institute
FEUSA
FMI - the Food Industry Association
Foodservice Equipment Distributors Association
Franchise Business Services
Global Cold Chain Alliance
The Hardwood Federation
Heating, Air-conditioning, & Refrigeration Distributors International
ICSC
Independent Bakers Association
Independent Community Bankers of America
Independent Electrical Contractors
Independent Insurance Agents and Brokers of America
Industrial Fasteners Institute
Institute for Real Estate Management (IREM)

Institute of Scrap Recycling Industries, Inc.
International Association of Plastics Distribution
International Foodservice Distributors Association
International Franchise Association
International Institute of Building Enclosure Consultants
International Sign Association
International Warehouse Logistics Association
Main Street Employers Coalition
Manufactured Housing Institute
Material Handling Equipment Distributors Association
Metals Service Center Institute
Mortgage Bankers Association
NACS
NAHAD, The Association for Hose and Accessories Distribution
NAMM, National Association of Music Merchants
National Apartment Association
National Association of Electrical Distributors
National Association of Home Builders
National Association of Insurance and Financial Advisors
National Association of Professional Employer Organizations
National Association of Professional Insurance Agents
National Association of REALTORS®
National Association of Wholesaler-Distributors
National Automatic Merchandising Association
National Automobile Dealers Association
National Community Pharmacists Association
National Electrical Contractors Association
National Fastener Distributors Association
National Federation of Independent Business (NFIB)
National Franchisee Association
National Grocers Association
National Insulation Association
National Multifamily Housing Council
National Union Association
National Ready Mixed Concrete Association
National Restaurant Association
National Retail Federation
National Roofing Contractors Association
National RV Dealers Assn (RVDA)
National Small Business Association
National Stone, Sand & Gravel Association
National Tooling and Machining Association
NIADA
North American Die Casting Association
Pacific-West Fastener Association
Petroleum Equipment Institute (PEI)
Precision Machined Products Association
Precision Metalforming Association

PRINTING United Alliance
The Real Estate Roundtable
REALTORS® Land Institute (RLI)
Retail Bakers of America (RBA)
S Corporation Association
SHDA, Security Hardware Distributors Association
Small Business & Entrepreneurship Council
Society of Collision Repair Specialists (SCRS)
Society of Industrial and Office REALTORS®
Southeastern Lumber Manufacturers Association
Southwest Cable Communications Association
Specialty Equipment Market Association
Spray Polyurethane Foam Alliance
Subchapter S Bank Association
Tile Roofing Industry Alliance
Tire Industry Association
U.S. Chamber of Commerce
WF&FSA, The Wholesale Florist and Florist Supplier Association
Wine & Spirits Wholesalers of America
Wisconsin Grocers Association