

The Honorable Orrin Hatch
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Paul Ryan
Chairman
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

April 14, 2015

Dear Chairmen and Ranking Members:

As the new Congress confronts the challenge of reforming the tax code to make American businesses more competitive, the undersigned organizations representing millions of employers organized as S corporations, partnerships and sole proprietorships offer the following three principles to help guide your efforts.

First, tax reform needs to be comprehensive. Jobs in the United States are evenly divided between corporate and pass-through employers, with nearly 70 million private-sector workers employed at S corporations, partnerships and sole proprietorships. To ensure that we avoid harming these critical employers, tax reform needs to be comprehensive and improve the tax code for individuals, corporations and pass-through businesses alike.

Second, Congress needs to reduce the tax rates paid by individuals and corporations to similar, low levels. The fiscal cliff negotiations in 2012 resulted in pass-through businesses paying, for the first time in a decade, a significantly higher top marginal tax rate than C corporations. Splitting business income and taxing it at different rates penalizes pass-through businesses and encourages planning to circumvent the higher rates, ultimately resulting in wasted resources and lower growth. To ensure that tax reform results in a simpler, fairer and more competitive tax code, Congress needs to reduce top tax rates for all types of taxpayers.

Third, Congress should continue to reduce the double tax on corporate income by integrating the corporate and individual tax codes. A study by Ernst & Young made clear that the tax treatment of pass-through businesses, and the single layer of tax they face, results in higher levels of investment, employment, and wages than if all American businesses were subject to the harmful double corporate tax. A key goal of tax reform should be to continue to reduce the incidence of the double tax and move towards taxing all business income only once.

By embracing these broad concepts, Congress can move the taxation of business income in a direction that helps all employers, regardless of how they are organized, to invest and create jobs here in America.

We appreciate your consideration of these priorities.

Sincerely,

Aeronautical Repair Station Association
ACCA - The Indoor Environment & Energy Efficiency Association
Agricultural Retailers Association
American Architectural Manufacturers Association
American Beverage Licensees
American Business Conference
American Composites Manufacturers Association
American Council of Engineering Companies
American Farm Bureau Federation
American Feed Industry Association
American Foundry Society
American Horticulture Industry Association
American Hotel & Lodging Association
American Rental Association
American Subcontractors Association, Inc.
American Supply Association
American Trucking Associations
AMT-The Association for Manufacturing Technology
Associated Builders and Contractors
Associated Builders and Contractors Florida East Coast Chapter, Inc.
Associated Equipment Distributors
Associated General Contractors of America
Association of Independent Manufacturers' / Representatives (AIM/R)
Association of RV Parks and Campgrounds
Auto Care Association
Aviation Suppliers Association
Building Owners and Managers Association International
Construction Industry Round Table
Design Professionals Coalition
Direct Selling Association
Door and Hardware Institute
Family Business Coalition
Financial Executives International
Financial Services Institute
Food Marketing Institute
Foodservice Equipment Distributors Association
Greater Tennessee Chapter, Associated Builders and Contractors, Inc
Hearth, Patio and Barbecue Association
Heating, Air-Conditioning & Refrigeration Distributors International
Independent Community Bankers of America
Independent Electrical Contractors
Independent Insurance Agents & Brokers of America

Independent Lubricant Manufacturers Association
Industrial Minerals Association - North America
Industrial Supply Association
International Association of Plastics Distribution
International Council of Shopping Centers
International Foodservice Distributors Association
International Franchise Association
International Housewares Association
International Warehouse Logistics Association
ISSA, The Worldwide Cleaning Industry Association
Land Improvement Contractors of America
Metal Treating Institute
Metals Service Center Institute
Modification and Replacement Parts Association
Motor & Equipment Manufacturers Association
National Apartment Association
National Association of Chemical Distributors
National Association of Convenience Stores
National Association of Electrical Distributors
National Association of Home Builders
National Association of Landscape Professionals
National Association of Shell Marketers
National Association of the Remodeling Industry
National Association of Truck Stop Operators
National Association of Wholesaler-Distributors
National Automobile Dealers Association
National Beer Wholesalers Association
National Christmas Tree Association
National Club Association
National Electrical Contractors Association
National Federation of Independent Business
National Funeral Directors Association
National Grocers Association
National Industrial Sand Association
National Insulation Association
National Lumber and Building Material Dealers Association
National Marine Distributors Association
National Marine Manufacturers Association
National Multifamily Housing Council
National Newspaper Association
National Propane Gas Association
National Ready Mixed Concrete Association
National Restaurant Association
National Roofing Contractors Association
National Small Business Association
National Stone, Sand & Gravel Association
National Tooling and Machining Association
National Utility Contractors Association
NEMRA –National Electrical Manufacturers Representatives Association
Non-Ferrous Founders' Society

North American Equipment Dealers Association
NPES The Association for Suppliers of Printing, Publishing and
Converting Technologies
Outdoor Power Equipment & Engine Service Association
Pacific-West Fastener Association
Pet Industry Distributors Association
Petroleum Marketers Association of America
Precision Machined Products Association
Precision Metalforming Association
Printing Industries of America
Professional Beauty Association
S Corporation Association
Secondary Materials and Recycled Textiles Association
Service Station Dealers of America and Allied Trades
Small Business & Entrepreneurship Council
Small Business Legislative Council
Specialty Equipment Market Association
The American Institute of Architects
The Real Estate Roundtable
Tire Industry Association
Tree Care Industry Association
Truck Renting and Leasing Association
Water & Sewer Distributors of America
Western Equipment Dealers Association
Wichita Independent Business Association
Wine and Spirits Wholesalers of America
Wisconsin Grocers Association