

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**