

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