

May 13, 2025

The Honorable Jason Smith
Chairman
Ways and Means Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Smith:

The undersigned organizations, representing millions of Main Street businesses operating in every industry and community in America, support the budget reconciliation tax package scheduled for markup this week by the House Ways and Means Committee.

This legislation would provide certainty to the more than 95 percent of all American businesses structured as S corporations, partnerships, and sole proprietorships. These pass-through businesses employ 62 percent of the private sector workforce and form the economic backbone of virtually every community nationwide.

Provisions key to the Main Street community include increasing the Section 199A deduction to 23 percent while making it permanent. This provision recognizes the importance of reducing tax rates for the 26 million businesses that rely on the 199A deduction. Coupled with a permanent 37-percent top rate, the legislation would bring the top rates paid by pass-throughs into closer parity with the 21-percent corporate rate.

Main Street also strongly supports provisions to enhance and make permanent the estate tax exemption. Reducing the bite of the estate tax while eliminating the uncertainty surrounding its application will help preserve countless Main Street businesses, sustain jobs, and help ensure these enterprises remain family-owned for generations to come.

We commend you and the Committee for including pro-growth incentives. Reinstating full expensing, expanding deductions for production property, raising the interest expense limitation, and restoring R&E expensing will help ensure American businesses remain competitive. These provisions are a meaningful step toward a tax code that rewards investment, fosters innovation, and supports long-term economic growth.

Certain provisions should be improved. The limitation on SALT deductions for certain pass-through entities is needlessly broad and complex, while tightening and extending the cap on excess losses would make worse a policy that should never have been enacted in the first place.

That said, we strongly support quick action. The sooner Congress acts, the sooner Main Street businesses can return their attention to their employees and communities. We are grateful for your leadership and urge the Committee to advance this legislation, as modified, without delay.

Sincerely,