

April 11, 2025

The Honorable Jason Smith  
Chairman  
House Committee on Ways & Means  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Mike Crapo  
Chairman  
Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairmen Smith and Crapo:

As long-time Main Street champions, we encourage you to stand strong and oppose any effort to increase income tax rates, including recent proposals to raise the top individual rate to 40 percent. This idea is presented as a modest adjustment affecting only the wealthiest Americans, but it would disproportionately harm hundreds of thousands of pass-through businesses organized as S corporations, partnerships, and sole proprietorships.

Pass-throughs comprise over 95 percent of all businesses and employ 62 percent of the nation's workforce. Most pass-through business income is taxed at the top rates, so raising these rates would harm Main Street businesses engaged in just about every aspect of the economy. They are responsible for employing millions of Americans, driving investment, and supporting local economies nationwide.

The so-called "millionaire tax" in question – which actually kicks in at income around \$620,000 – would saddle them with a tax hike that offsets about half the tax benefit of extending the Section 199A deduction. Coupled with the Net Investment Income Tax and state and local taxes, the proposal would impose marginal rates exceeding 40 percent on businesses that receive the full Section 199A deduction, or twice the rate paid by C corporations.

Certain industries are precluded from Section 199A, however, as is foreign-sourced income and Section 1231 gains. So-called "guardrails" tied to wages, capital investment, and taxable income reduce the value of the deduction for many more. Businesses ineligible for the full 199A deduction would face combined marginal rates above 50 percent. Rates that high are simply not sustainable.

We understand the fiscal pressures involved in crafting a legislative package of reforms and extensions, but increasing the top individual rates would target the very businesses Congress seeks to help. Proposals like this reflect a fundamental misunderstanding of how these companies operate and their central role in the broader economy.

Thank you for standing with the Main Street community and working to extend and make permanent the TCJA's expiring provisions. As Congress continues its work on a pro-growth tax bill, we urge you to reject any effort to raise tax rates.

Sincerely,

AICC, The Independent Packaging Association  
Agricultural Retailers Association  
American Council of Independent Laboratories  
American Foundry Society  
American Lighting Association  
American Mold Builders Association  
American Rental Association  
American Subcontractors Association  
American Supply Association  
Associated Builders and Contractors  
Associated Equipment Distributors  
Associated General Contractors of America  
Brick Industry Association  
Coalition of Franchisee Associations  
Construction Industry Round Table  
Convenience Distribution Association  
Energy Marketers of America  
Equipment Leasing & Finance Association  
Family Business Association of California  
Family Business Coalition  
FCA International  
Foodservice Equipment Distributors Association  
Forging Industry Association  
Franchise Business Services  
Heating, Air-conditioning & Refrigeration Distributors International  
Independent Bakers Association  
Independent Community Bankers of America  
Independent Electrical Contractors  
Independent Insurance Agents & Brokers of America (Big "I")  
Independent Lubricant Manufacturers Association  
Industrial Fasteners Institute  
International Foodservice Distributors Association  
International Franchise Association  
International Institute of Building Enclosure Consultants (IIBEC)  
International Sign Association  
Leading Builders of America  
Main Street Employers Coalition  
Manufactured Housing Institute  
Manufacturer & Business Association  
Metals Service Center Institute  
National Apartment Association  
National Association of Convenience Stores  
National Association of Electrical Distributors (NAED)  
National Association of Home Builders  
National Association of Insurance and Financial Advisors  
National Association of Wholesaler-Distributors

National Automatic Merchandising Association (NAMA)  
National Beer Wholesalers Association  
National Cotton Council  
National Electrical Contractors Association (NECA)  
NATIONAL ELECTRICAL MANUFACTURERS REPRESENTATIVES ASSOCIATION  
(NEMRA)  
National Franchisee Association  
National Grocers Association  
National Lumber & Building Material Dealers Association  
National Marine Distributors Association  
National Multifamily Housing Council  
National Onion Association  
National Ready Mixed Concrete Association  
National Roofing Contractors Association  
National RV Dealers Association (RVDA)  
National Stone, Sand & Gravel Association  
National Tooling and Machining Association  
National Utility Contractors Association  
National Wooden Pallet & Container Association  
North American Association of Food Equipment Manufacturers (NAFEM)  
North American Die Casting Association  
Outdoor Power Equipment and Engine Service Association  
Pennsylvania Farm Bureau  
Performance Racing Industry (PRI)  
Pet Industry Distributors Association  
Plumbing-Heating-Cooling Contractors - National Association  
Precision Machined Products Association  
Precision Metalforming Association  
PRINTING United Alliance  
Professional Beauty Association  
Refrigerated Foods Association  
S Corporation Association  
Small Business & Entrepreneurship Council  
Small Business Legislative Council (SBLC)  
Society of Collision Repair Specialists (SCRS)  
Specialty Equipment Market Association (SEMA)  
Spray Polyurethane Foam Alliance  
Textile Care Allied Trades Association  
The Association for Hose and Accessories Distribution  
The Hardwood Federation  
The Sheet Metal and Air Conditioning Contractors National Association (SMACNA)  
The Transportation Alliance  
Water and Sewer Distributors of America  
Wholesale Florist & Floral Supplier Association  
Workplace Solutions Association  
Wyoming Stock Growers Association