

June 25, 2025

The Honorable Mike Crapo
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building

Dear Chairman Crapo:

The undersigned organizations, representing millions of Main Street businesses operating in every community in America, express our strong support for making permanent and expanding the Section 199A deduction from 20 to 23 percent. Expanding Section 199A will help preserve tax parity between pass-through businesses and larger public corporations while helping ensure the Senate bill does not raise taxes on millions of Main Street businesses.

The Section 199A deduction plays a vital role in preserving competitive neutrality in the Tax Code. The 2017 Tax Cuts and Jobs Act reduced the corporate tax rate from 35 percent to 21 percent. In doing so, it left pass-through businesses - which pay taxes at much higher individual rates - at risk of a long-term competitive disadvantage. Section 199A was adopted to mitigate this imbalance and preserve a level playing field.

The Senate bill would make permanent the 199A deduction but also would cut in half their ability to deduct State and Local Taxes (SALT) as a business expense. The net result will be a tax hike on millions of pass-through businesses relative to what they currently pay.

Expanding 199A deduction would offset this tax hike. It builds on a policy with a proven track record. Since its enactment, Section 199A has helped tens of millions of Main Street businesses reinvest in their operations and workforce. Data from the IRS and Treasury confirm that the deduction's benefits flow to job creators in every community and every congressional district in the country. The deduction represents a critical tool for weathering economic headwinds and remaining competitive in an increasingly consolidated marketplace.

We applaud the Finance Committee for making Section 199A permanent and urge you to adopt the House-passed expansion of Section 199A. This will ensure that the final tax package is pro-growth, pro-jobs, and avoids raising taxes on many of America's Main Street businesses.

Sincerely,

Agricultural Retailers Association
AICC, The Independent Packaging Association
Air Conditioning Contractors of America
Amcot
American Council of Engineering Companies
American Council of Independent Laboratories
American Financial Services Association
American Foundry Society
American Hotel and Lodging Association
American Lighting Association
American Mold Builders Association
American Pipeline Contractors Association (APCA)
American Rental Association

American Resort Development Association
American Staffing Association
American Subcontractors Association
American Supply Association
American Veterinary Medical Association
AmericanHort
Associated Builders and Contractors
Associated Equipment Distributors
Associated General Contractors of America
Building Owners & Managers Association (BOMA) International
CCIM Institute
Distribution Contractors Association
Energy Marketers of America
Family Business Association of California
Family Business Coalition
FCA International
FMI - the Food Industry Association
Foodservice Equipment Distributors Association
Forest Resources Association
Forging Industry Association
GAWDA
Glass Packaging Institute
Global Cold Chain Alliance
Hardwood Federation
Heating, Air-conditioning, & Refrigeration Distributors International
ICSC
Independent Community Bankers of America
Industrial Fasteners Institute
Institute of Real Estate Management
International Foodservice Distributors Association
International Franchise Association
International Fresh Produce Association
International Housewares Association
International Sign Association
Irrigation Association
ISSA, The Worldwide Cleaning Industry Association
Kansas Livestock Association
Leading Builders of America
Main Street Employers Coalition
Manufactured Housing Institute
Meat Institute
Metals Service Center Institute
Missouri Soybean Association
Mortgage Bankers Association
NAIOP, Commercial Real Estate Development Association
Nareit
National Onion Association
National Apartment Association
National Asphalt Pavement 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 Professional Insurance Agents
NATIONAL ASSOCIATION OF REALTORS®
National Association of Wholesaler-Distributors
National Automatic Merchandising Association (NAMA)
National Automobile Dealers Association
National Beer Wholesalers Association
National Community Pharmacists Association (NCPA)
National Council of Agricultural Employers
National Council of Farmer Cooperatives
National Electrical Contractors Association (NECA)
NATIONAL ELECTRICAL MANUFACTURERS REPRESENTATIVES ASSOCIATION (NEMRA)
National Energy & Fuels Institute (NEFI)
National Grocers Association
National Insulation Association
National Lumber and Building Material Dealers Association (NLBMDA)
National Marine Distributors Association
National Milk Producers Federation
National Multifamily Housing Council
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
PEI- Petroleum Equipment Institute
Performance Racing Industry (PRI)
Plumbing-Heating-Cooling Contractors - National Association
Power & Communication Contractors Association (PCCA)
Precision Machined Products Association
Precision Metalforming Association
PRINTING United Alliance
Recycled Materials Association
Renewable Fuels Association
S Corporation Association
Small Business & Entrepreneurship Council
Small Business Legislative Council (SBLC)
Society of Collision Repair Specialists (SCRS)
Southeastern Lumber Manufacturers Association
Specialty Equipment Market Association (SEMA)
Spray Polyurethane Foam Alliance
Textile Care Allied Trades Association
The Independent Insurance Agents & Brokers of America (Big "I")
The Real Estate Roundtable
The Sheet Metal and Air Conditioning Contractors National Association (SMACNA)
Virginia Association of Roofing Professionals

Water and Sewer Distributors of America (WASDA)
Wholesale Florists and Floral Supplier Association
Wine & Spirits Wholesalers of America
WISPA-Broadband Without Boundaries