



April 27, 2016

The Honorable Vern Buchanan  
2104 Rayburn HOB  
United States House of Representatives  
Washington, DC 20515

Dear Congressman Buchanan:

On behalf of the S Corporation Association, I would like to express our appreciation for your efforts to restore tax rate parity to the Main Street business community.

For the past five years, the Main Street business community has united around three core principles for tax reform – it should be comprehensive, it should restore rate parity for all types of business, and it should eliminate the double tax imposed on corporate profits. More than one hundred business organizations, representing millions of employers, have signed on to these core principles.

Your legislation, the Main Street Fairness Act, goes a long way toward achieving the second of these principles. It would help to restore rate parity and, just as importantly, it would reverse a portion of the harmful tax hike imposed on the pass through business community just three years ago.

From 2003 to 2012, the tax code imposed the same top rate on all income, regardless of whether that income was earned by an individual, a pass through business, or a corporation. As a result of the Fiscal Cliff legislation and the imposition of the Affordable Care Act investment tax, however, the top tax rate on pass through business increased sharply -- nearly ten percentage points -- starting in 2013.

This tax hike means that today millions of successful Main Street businesses have less money to invest and create new jobs. A number of these employers have testified before Congress that their effective tax rates increased significantly beginning in 2013, draining their business of working capital and leaving them with fewer resources to invest and grow.

These Main Street employers are the backbone of neighborhoods across this country. They employ most of the private sector workforce in this country and they are deeply committed to their communities and the families that live there.

Restoring rate parity for all pass through businesses is important priority of the S Corporation Association. Your legislation helps identify how Congress can achieve one aspect of that goal and we look forward to working with you to make rate parity a central piece of any tax reform plan moving through Congress.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brian Reardon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Brian Reardon  
President