

# S Corp Modernization Act

April 6, 2017

Dear Member of Congress:

As representatives of America's small and closely-held businesses, we are asking you to remove restrictions on America's job creators by cosponsoring the "S Corporation Modernization Act of 2017" (H.R. 1696/S. 711) introduced by Representatives Dave Reichert (R-WA) and Ron Kind (D-WI) and Senators John Thune (R-SD) and Ben Cardin (D-MD).

Main Street businesses are the growth engine of America's economy and S corporations are the cornerstone of the business community. There are more than 4.5 million S corporations nationwide. They are in every community and every industry and they employ one out of every four private sector workers.

Yet many of the rules that govern the day-to-day management of S corporations date back more than half a century. These outdated rules hurt the ability of S corporations to grow and create jobs. Many family-owned businesses would like to become S corporations, but the rules prevent them from doing so. Other S corporations are starved for capital, but find the rules limit their ability to attract investors.

Well into the 21<sup>st</sup> century, America's most popular form of business organization deserves rules adapted to today, not fifty years ago. The S Corporation Modernization Act would ensure the continued success of these businesses by:

- Increasing their access to capital by reducing S corporation ownership restrictions;
- Easing punitive restrictions that apply to converted S corporations and punish the unwary; and
- Leveling the rules of S corporations and partnerships when their assets are passed on from one generation to the next.

On behalf of America's small business community, we respectfully ask that you cosponsor the S Corporation Modernization Act.

Thank you for your consideration.

Sincerely,

**American Council of Engineering Companies**  
**The American Institute of Architects**  
**American Supply Association**  
**Associated Builders & Contractors**  
**Associated General Contractors of America**  
**Heating, Air-conditioning & Refrigeration Distributors International**  
**Independent Community Bankers of America**  
**Independent Electrical Contractors**  
**International Franchise Association**  
**National Apartment Association**  
**National Beer Wholesalers Association**  
**National Electrical Contractors Association**  
**National Federation of Independent Business**  
**National Grocers Association**  
**National Multifamily Housing Council**  
**National Roofing Contractors Association**  
**S Corporation Association**  
**Wine & Spirits Wholesalers of America**