



December 19, 17

The Honorable Ron Johnson
328 Hart Senate Office Building
Washington, DC 20510

The Honorable Steve Daines
320 Hart Senate Office Building
Washington, D.C. 20510

The Honorable James M. Inhofe
205 Russell Senate Office Building
Washington, DC 20510

Dear Senators:

Thank you for your outstanding leadership to promote tax fairness for thousands of American Main Street and family businesses throughout consideration of H.R. 1, the Tax Cuts and Jobs Act. Because of your efforts, the final conference agreement included a number of improvements, including provisions directly aimed at addressing the ability of pass-through businesses and their workers to remain competitive here at home and internationally. We are confident that these key features of the bill would not have been included without your active support.

Specifically, the bill contains a new 20% deduction for pass-throughs, which, combined with lower individual tax rates, results in an effective top tax rate of 29.6% for qualified income. Unlike early versions of the bill, the final conference report would allow businesses held in trusts and estates to use the new deduction, helping many family-owned businesses to stay in the family. On the international front, the final bill preserves the interest charge domestic international sales corporation (IC-DISC), an essential feature of the tax code, that allows small businesses to compete on a level playing field and keep thousands of high paying manufacturing, seafood, and agriculture jobs here in the United States.

Moving forward, we look forward to working with you to make further improvements to the Tax Code in order to meet the continuing challenges facing Main Street and family pass-through businesses. Thanks to your efforts, these businesses have a chance to remain the backbone of the American economy.

Sincerely,

Brian Reardon
President, S Corporation Association