Dear Chairmen and Ranking Members:

As Congress confronts the challenge of reforming the tax code to make American businesses more competitive, the undersigned organizations offer the following three principles to help guide your efforts.

First, tax reform needs to be comprehensive. Most workers in the United States are employed at pass-through businesses that pay taxes at the individual rates, not the corporate rates. To ensure that we avoid harming a large segment of American employers, tax reform needs to address both the individual tax code and the corporate tax code.

Second, Congress needs to keep the tax rates paid by individuals and corporations at similar, low levels. Splitting business income and taxing it at significantly different rates would encourage planning to circumvent the higher rates, ultimately resulting in wasted resources and lower growth. To ensure that tax reform results in a more simple and competitive tax code, Congress needs to keep top tax rates low, and it needs to keep them at similar levels.

Third, Congress should continue to reduce the incidence of double taxing business income. A recent study by Ernst & Young made clear that the predominance of pass-through businesses in the United States, and the single layer of tax they face, results in higher levels of investment and employment. This prevalence of pass-through taxation is the result of purposeful and explicit reforms enacted by Congress over the past half-century. A key goal of tax reform should be to continue this progress to tax business income only once.

By embracing these broad concepts, Congress can move the taxation of business income in a direction that helps ensure that all employers, regardless of how they are organized, continue to invest and create jobs here in America.
We appreciate your consideration.

Sincerely,

Aeronautical Repair Station Association
Air Conditioning Contractors of America
American Council of Engineering Companies
   American Foundry Society
   The American Institute of Architects
   American Subcontractors Association, Inc.
   American Supply Association
   Associated Builders and Contractors, Inc.
   Associated Equipment Distributors
   The Associated General Contractors of America
   Automotive Aftermarket Industry Association
   Financial Planning Association
   Financial Services Institute, Inc.
   Independent Community Bankers of America
   Independent Insurance Agents & Brokers of America
   International Council of Shopping Centers
   International Foodservice Distributors Association
   Manufacturers’ Agents National Association
   Manufacturing Jewelers and Suppliers of America
   National Apartment Association
   National Association for the Self-Employed
   National Association of Convenience Stores
   National Association of Wholesaler-Distributors
   National Automobile Dealers Association
   National Beer Wholesalers Association
   National Electrical Contractors Association
   National Electrical Manufacturers’ Representatives Association
   National Federation of Independent Business
   National Funeral Directors Association
   National Home Furnishings Association
   National Lumber and Building Material Dealers Association
   National Multi Housing Council
   National Restaurant Association
   National Roofing Contractors Association
   National Small Business Association
   National Tooling and Machining Association
   Precision Machined Products Association
   Precision Metalforming Association
   Professional Beauty Association
   Promotional Products Association International
   S Corporation Association
   Small Business Legislative Council
   Truck Renting and Leasing Association
   Wine & Spirits Wholesalers of America
Wood Machinery Manufacturers of America