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January 28, 2025

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

Dear Senator Daines:

On behalf of NFIB, the nation's leading small business advocacy organization, I write in strong support of S. 213, the Main Street Certainty Act, which would make the 20% small business deduction permanent, avoiding a massive tax hike on over 30 million small businesses.

The 20% Small Business Deduction, formally known as the Section 199A qualified business income deduction, allows pass-through businesses (S-Corporations, sole proprietorships, or partnerships) to deduct up to 20% of their taxable income. Over 90% of small businesses in the United States are organized as pass-through businesses. This simply means that profits pass through directly to the individual owners and the owners pay personal income tax on the profits.

This deduction has been critical in allowing small pass-through businesses to compete with larger C-Corporations that currently pay a 21% federal corporate rate. The top federal income tax rate for pass-through businesses is currently 37% and scheduled to increase to 39.6% next year. The 20% small business deduction lowers a small business's effective tax rate so that they can compete with larger C-Corporations.

The Main Street Tax Certainty Act would make the 20% Small Business Deduction permanent, empowering small business owners to grow their businesses, hire, and give back to their communities. Ninety-one percent of NFIB members support permanently

extending the small business deduction.¹ If Congress fails to act, the small business deduction will expire this year, and small businesses will be hit with a massive tax increase.

NFIB in conjunction with EY released a study that explored the macroeconomic impact of the small business deduction. The study showed that 25.9 million small business owners nationwide utilized this deduction in 2021, and it directly supports job creation.²

Permanently extending the 20% Small Business Deduction is estimated to increase 1.2 million jobs in the first ten years and increase U.S. GDP by \$75 billion annually over the first ten years.³

NFIB strongly supports the Main Street Tax Certainty Act and urges Congress to advance the legislation as quickly as possible, so America's small businesses have certainty and tax rates that help level the playing field with their large corporate competitors.

Sincerely,

A handwritten signature in black ink that reads "Jeff Brabant". The signature is written in a cursive, slightly slanted style.

Jeff Brabant
Vice President, Federal Government Relations
NFIB

¹ "Should Congress permanently extend the tax cuts for individuals and small businesses established in the new federal tax law? (Yes: 91%, No: 4%, Undecided: 6%)." *Mandate* vol. 572, NFIB Federal Ballot, May 2018.

² Brandon Pizzola, EY, *Macroeconomic Impacts of Permanently Extending the Section 199A Deduction on Small Businesses*, September 2024, [NFIB.com/EYReport2024](https://www.nfib.com/EYReport2024).

³ *Ibid.*