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May 13, 2025

The Honorable Jason Smith
Chairman, House Committee on Ways and Means
1319 Longworth House Office Building
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member, House Committee on Ways and Means
1129 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Smith and Ranking Member Neal,

On behalf of NFIB, the nation's leading small business advocacy organization, I write in support of the Committee's legislative proposal to comply with reconciliation instructions contained within the concurrent resolution on the Budget for Fiscal Year 2025, H. Con. Res. 14.

As written, this is one of the most pro-small business pieces of tax legislation in recent history.

Since its inception in 2018, the small business deduction (Section 199a) has empowered 25.9 million small businesses¹ to hire more employees, expand operations, and invest in their local communities. This legislation would renew the deduction, make it permanent, and increase its value from 20%-23%. This bill would not only prevent a massive tax hike on small businesses, but it would also provide a tax cut for tens of millions of small business owners. *Making the small business deduction permanent is NFIB's number one legislative priority and the most important thing Congress can do to help small businesses and their workers.*

Additionally, the permanency of the lower individual marginal rates will give essential relief to millions of small business owners. Recent research shows that small businesses concerned

¹ EY, Macroeconomic impacts of permanently extending the Section 199A deduction on small businesses, September 2024 <https://strgnfibcom.blob.core.windows.net/nfibcom/EY-NFIB-Macroeconomic-analysis-of-permanently-extending-the-section-199A-on-small-businesses-w-Appendix-B-FINAL-09-06-2024.pdf>

about taxes have increased to levels not seen since 2021 and currently ranks as their second most important issue.²

NFIB is also pleased to see a doubling of Section 179 small business expensing threshold from \$1.25 million to \$2.5 million. This will encourage small businesses to make new capital investments in their companies. NFIB also commends the committee for making the small business estate tax exemption permanent.

Lastly, this legislation will, for the first time, help small business owners provide greater health care benefits to their employees, by establishing a small employer health care tax credit of up to \$1,200 per employee. This new credit supports small businesses who want to provide health care benefits through an employee contribution without the cost or complexity of a group plan.

Over 91% of NFIB members support making the expiring small business Tax Cuts and Jobs Act provisions permanent.³ This legislation will prevent a tax hike on over 32 million small business owners and reduce the effective tax rates of most small business owners. NFIB applauds the Committee for making small businesses a priority and encourages passage of this important legislation.

Sincerely,

A handwritten signature in dark ink, appearing to read "Adam Temple", with a stylized flourish at the end.

Adam Temple
Senior Vice President for Advocacy
NFIB

² William C. Dunkelberg and Holly Wade, *NFIB Small Business Economic Trends*, March 2025
https://www.nfib.com/news/monthly_report/sbet/

³ NFIB Member Ballot, Mandate, vol. 572, May 2018