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May 7, 2026

The Honorable John Thune  
Majority Leader  
U.S. Senate  
Washington, D.C. 20510

The Honorable Mike Johnson  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Majority Leader Thune and Speaker Johnson:

On behalf of NFIB, the nation's leading small business advocacy organization, I write to express our strong support for advancing a reconciliation package that builds on the success of the Working Families Tax Cuts Act. The Working Families Tax Cuts Act is a landmark achievement that delivered meaningful tax relief for millions of small businesses across the country. Most importantly, the Working Families Tax Cuts Act made the 20% Small Business Deduction permanent, allowing small business owners to invest more of their hard-earned dollars back into their workers, businesses, and communities.

More than 30 million small businesses are grateful that the threat of tax increases are off the table. We hear every day from small businesses how tax certainty has allowed them to expand operations, hire new workers, offer health insurance for the first time, or sponsor their local T-ball team.

The benefits to small businesses, their employees, and their communities are monumental. But there is a historic opportunity to build upon the massive small business victories in the Working Families Tax Cuts Act through an additional reconciliation package focused on small business priorities. By enacting targeted tax, healthcare, and regulatory reforms, Congress can unlock the full potential of small businesses.

Congress can empower Main Street to grow and flourish, and ensure small businesses remain a driving force of economic opportunity across our communities and the country. Any reconciliation package should include the key small business priorities below.

## Tax

Through the Working Families Tax Cuts Act, Congress provided over 30 million small businesses with certainty that they would not see a massive tax hike and provided small businesses tools to reinvest back in their businesses, workers, and communities. NFIB members are telling us that they are using the tax savings from the Working Families Tax Cuts Act to provide raises and bonuses to

their employees, increase the benefits they can offer, make capital expenditures like purchasing large equipment, and increase their contributions to their local communities.

Congress can now build on these successes and boost these investments by providing tax cuts to small businesses, such as:

1. Increasing the size of the Small Business Deduction (199a). In the original House-passed Working Families Tax Cuts legislation, the Small Business Deduction was set to be increased to 23%. Congress should take the opportunity to increase the Small Business Deduction to 23% to improve this vital tax provision.
2. Reinstating a lower tax rate for very small businesses organized as C-corporations. Prior to 2017, small C-corporations paid a 15% tax rate on their first \$50,000 in income. When Congress created the single corporate rate of 21%, they inadvertently subjected these small businesses to a 40% tax increase.
3. Modifying the Specified Service Trade or Business (SSTB) exemption to the Small Business Deduction to allow more small businesses to qualify for the tax relief.

## Regulations

In 2025, President Trump's largest deregulatory action was to exempt over 32 million U.S. businesses from the burdensome and unconstitutional beneficial ownership information (BOI) reporting mandate. This action reduced small business regulatory costs and compliance burdens by \$128 billion, according to The White House Office of Management and Budget. Congress should ensure this red tape and compliance burden does not come back in the future by:

1. Codifying Treasury's interim final rule from March 2025 exempting U.S. businesses from Beneficial Ownership Information reporting requirements.
2. Destroying the Beneficial Ownership Information of the millions of U.S. small businesses who registered with FinCEN but are no longer required to file.

## Healthcare

The rising cost of healthcare has been the top problem for NFIB members for the last four decades.<sup>1</sup> Today, only about a third of small businesses have the ability to offer health coverage to their employees, compared to 96% of large corporations.<sup>2</sup>

Since the passage of Obamacare in 2010, the number of small businesses offering coverage has declined by nearly 10% and premiums for family coverage have more than doubled. These significant cost increases are unsustainable for small businesses and their employees.

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<sup>1</sup> Holly Wade & Madeleine Oldstone, Small Business Problems and Priorities, 2024 NFIB Research Center, 2024 <https://strgnfibcom.blob.core.windows.net/nfibcom/2024-Small-Business-Problems-Priorities.pdf>.

<sup>2</sup> U S Agency for Health Care Research and Quality, Medical Expenditure Panel Survey (MEPS) Insurance Component (IC), <https://datatools.ahrqgov/meeps-ic/?tab=private-sector-national&dash=19>

The reforms below will allow small business owners to gain more affordable, flexible health coverage options, enabling them to reduce costs, offer benefits to more employees, and compete more effectively with larger companies. Congress can provide immediate relief from exploding health costs by:

1. Codifying Custom Health Option and Individual Care Expense (CHOICE) Arrangements to permanently provide flexibility and financial certainty for small businesses while expanding health coverage options for their employees.
2. Reforming Health Savings Accounts (HSAs) by decoupling them from high-deductible health plans (HDHPs) and allowing the use of HSA funds to pay for small group insurance premiums.
3. Allowing small businesses of any industry or geographic location to pool their resources and join an Association Health Plan (AHP).
4. Expanding the definition of Short-Term, Limited Duration Insurance (STLDI) to allow plans to be offered for 12 months with unlimited renewal options. This would provide a cost-effective health insurance option for the millions of small businesses that cannot afford Obamacare plans.

The 119<sup>th</sup> Congress has already been a huge success for small businesses. Last year, Congress and the White House prevented a massive tax increase on millions of small businesses. As Congress works to further unleash the economic prosperity that small businesses provide to local communities all across America, NFIB urges Congress to seize the opportunity to lower taxes, permanently eliminate Beneficial Ownership Information reporting requirements and the regulatory costs imposed by that mandate, and provide more cost-effective healthcare choices for small businesses and their employees.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Close". The signature is fluid and cursive, with a large initial "B" and "C".

Brad Close  
President & CEO  
NFIB