



May 12, 2025

The Honorable Jason Smith
Chairman
House Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Richard E. Neal
Ranking Member
House Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Smith and Ranking Member Neal:

On behalf of the National Small Business Association (NSBA)—the nation's oldest small business advocacy organization, representing our membership of more than 65,000 and the millions of owners and employees that comprise the U.S. small business sector—I am writing to express our support for the recently-released pre-mark draft of the Ways and Means Title providing for reconciliation pursuant to H.Con.Res.14, the Concurrent Resolution on the Budget for Fiscal Year 2025.

Small companies are a big business. According to data from the Small Business Administration, 99.9% of all firms in the United States are small businesses. These companies employ nearly half of all private sector workers and make up more than 43 percent of U.S. gross domestic product (GDP).¹ However, despite these massive figures, small businesses are significantly more fragile than their large counterparts. Ostensibly small changes in taxes, regulations, capital markets, labor markets, or the economy more broadly can drive thousands of entrepreneurs to the brink of collapse.

Currently, thanks to the provisions of the 2017 Tax Cuts and Jobs Act (TCJA), small businesses do not bear a disproportionate share of the tax burden relative to large companies. The vast majority of small businesses operate as pass-through entities, meaning that their income is taxed at the individual level by their owners. Recognizing this, in drafting the TCJA, Congress reduced small business taxes in two fundamental ways: lowering the income tax rates paid by individual filers, and critically, allowing deductibility of up to 20 percent of Qualified Business Income (QBI) earned via common pass-throughs under Section 199A. Taken together, these provisions are the primary bulwark small businesses have against unfair taxes. Unfortunately, while the TCJA recognized the importance of these provisions to main street businesses, it neglected to make them permanent, meaning that America's smallest businesses would have to come back to Congress to keep their taxes from rising unfairly.

The recent pre-mark draft of the Ways and Means reconciliation title addresses this inequity, making permanent both of these key provisions small companies have come to rely on, and moreover increasing the value of the 199A QBI deduction for entrepreneurs.

¹ United States Small Business Administration. Frequently Asked Questions About Small Business: July 2024. https://advocacy.sba.gov/wp-content/uploads/2024/12/Frequently-Asked-Questions-About-Small-Business_2024-508.pdf.


May 12, 2025

Page 2

I urge the Committee to support this draft of the Ways and Means Title, as well as other legislative efforts that would reduce financial and administrative barriers to Main Street competitiveness.

Thank you for your continued leadership in fostering an environment where small businesses can operate, invest, and grow, and look forward to continuing to work with you as a partner in supporting the U.S. small business sector.

Sincerely,



Todd McCracken
President & CEO
National Small Business Association

cc:

The Honorable Vern Buchanan	The Honorable Lloyd Doggett
The Honorable Adrian Smith	The Honorable Mike Thompson
The Honorable Mike Kelly	The Honorable John Larson
The Honorable David Schweikert	The Honorable Danny Davis
The Honorable Darin LaHood	The Honorable Linda Sánchez
The Honorable Jodey Arrington	The Honorable Terri Sewell
The Honorable Ron Estes	The Honorable Suzan DelBene
The Honorable Lloyd Smucker	The Honorable Judy Chu
The Honorable Kevin Hern	The Honorable Gwen Moore
The Honorable Carol Miller	The Honorable Brendan Boyle
The Honorable Greg Murphy	The Honorable Donald Beyer
The Honorable David Kustoff	The Honorable Dwight Evans
The Honorable Brian Fitzpatrick	The Honorable Bradley Schneider
The Honorable Greg Steube	The Honorable Jimmy Panetta
The Honorable Claudia Tenney	The Honorable Jimmy Gomez
The Honorable Michelle Fischbach	The Honorable Steven Horsford
The Honorable Blake Moore	The Honorable Stacey Plaskett
The Honorable Beth Van Duyne	The Honorable Tom Suozzi
The Honorable Randy Feenstra	
The Honorable Nicole Malliotakis	
The Honorable Mike Carey	
The Honorable Rudy Yakym	
The Honorable Max Miller	
The Honorable Aaron Bean	
The Honorable Nathaniel Moran	