



Brian Wild  
Chief Government Relations Officer

July 18, 2023

The Honorable Lloyd Smucker  
US House of Representatives  
Washington, DC 20515

Dear Congressman Smucker:

The National Association of Wholesaler-Distributors (NAW) writes to endorse the Main Street Tax Certainty Act and to urge all members of Congress to support and co-sponsor this legislation. This critical legislation simply maintains the status quo for main street businesses giving needed certainty to the millions of companies that file their taxes as sole proprietors, S-corps, partnerships and LLCs, including the vast majority of NAW's member companies. Without the Main Street Tax Certainty Act, the millions of small and medium sized businesses that fuel our economy will face a significant tax increase in 2026.

Congress, in an effort to create some level of parity between C-Corporations and smaller businesses that file taxes as pass-through entities included a provision known as Section 199A in the Tax Cuts and Jobs Act of 2017. Section 199A created a 20% deduction for pass-through businesses. However, unlike the corporate tax cuts that were made permanent, Section 199A is set to expire at the end of 2025.

Pass-through businesses represent 95% of all businesses in the US, employing more than 78 million Americans. This includes the majority of wholesale distributors, a central part of our national supply chain who typically operate low margin high tax businesses.

NAW represents the \$8.2 trillion wholesale distribution industry comprised of national, regional, and state employers of all sizes, industry trade associations, partners, and stakeholders spanning all sectors of distribution. Our industry employs more than 6 million workers throughout the United States accounting for 1/3 of the U.S. GDP. There are 35,000 wholesale distribution companies that operate nearly 150,000 places of business across North America, including all 50 states.

Wholesale distributors pay generous wages and benefits, as well as some of the highest effective income tax rates, even after the enactment of Section 199A. Many NAW members report paying an average effective rate of 30% in combined federal and state taxes, while operating with an average profit margin of just 2%, and many below 1%. A return to pre-TCJA tax rates punishes these companies that are our nations supply chain and an important engine of economic growth threatening their ability to hire, expand and invest in their employees and their communities.

Therefore, on behalf of our NAW member companies and their employees, I write in support of the Main Street Tax Certainty Act to extend current law and make the 199A pass-through deduction permanent. If you or your staff have any questions, please reach out directly to me or to Alex Hendrie, Associate Vice President, Government Relations at 202-872-0885.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Brian Wild', is written over the typed name.

Brian Wild  
Chief Government Relations Officer  
National Association of Wholesaler-Distributors