



February 6, 2017

Speaker Paul Ryan
H-232 The Capitol
US House of Representatives
Washington, DC 20515

Chairman Kevin Brady
Committee on Ways and Means
1102 Longworth HOB
Washington D.C. 20515

CC: Majority Leader McCarthy, Majority Whip Steve Scalise, Senate Leader McConnell, Senate Whip Cornyn

Speaker Ryan and Chairman Brady:

The Family Business Coalition supports your “A Better Way” tax reform plan which will promote small business expansion and job growth. The current tax code puts family businesses, America’s main job creating engines, at a competitive disadvantage to publicly owned corporations. Comprehensive tax reform must correct this incongruence in the tax code.

Lowering the marginal tax rates for individuals and businesses will lead to an increase in employment. A study by Ernst & Young found that an entrepreneur’s increase in after tax funds of 10 percent would increase the likelihood of hiring by 12 percent and increase the average wage by 3.7 percent (Carroll and Prante, 2012). Additionally, business receipts from an increase in after tax funds would increase business receipts by 8.4 percent, helping to increase consumption. An increase in wages and workers will better stimulate the economy than any increase in government spending.

Family businesses, farms, and ranches would also benefit from this proposal’s full repeal of the federal estate tax. Family business owners tend to be “asset rich and cash poor” which often leaves them with large estate tax liabilities but no cash on hand to pay the tax. Selling the business to pay the estate tax bill could mean selling at a deep discount to find potential buyers.

Allowing businesses to expense capital purchases in the first year is a pro-growth reform that will help our economy. The Tax Foundation in a recent report said that allowing full expensing would grow the economy by 5.4 percent and create more than one million jobs.

Family businesses need a tax code that protects them and encourages them to grow and thrive in their communities. Your tax reform proposal is “A Better Way” for family businesses and their employees and we look forward to working with you to implement these pro-growth reforms.

The Family Business Coalition is a diverse collection of organizations and industry groups united for the common purpose of protecting America's family businesses across the country. Our members represent family businesses from many different industries including suppliers, wholesalers, manufacturers, car dealers, distributors, farmers, ranchers and many other industries with heavy family business ownership. The Family Business Coalition works to implement tax policies that help family businesses of all sizes employ more people and continue to the next generation.