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July 29, 2021

The Honorable Marie Newman  
United States House of Representatives  
1022 Longworth House Office Building  
Washington, D.C. 20515

Dear Representative Newman:

On behalf of NFIB, the nation's leading small business advocacy organization, I write in support of H.R. 3725, the *Relief and Equity for Small Businesses through Tax (REST) Act*.

Internal Revenue Code Section 199A, also known as the Small Business Deduction, is one of the most significant recent tax reforms for small businesses. The Small Business Deduction currently allows businesses organized as passthroughs – S-Corporations, LLCs, sole proprietorships, and partnerships – to deduct up to 20% of qualified business income. In a recent NFIB tax survey, 81% of small business owners viewed the Small Business Deduction as important to their business.<sup>1</sup> Small business owners have invested these tax savings into increased business investment, increased wages and benefits for employees, and increased job creation.<sup>2</sup>

The *REST Act* increases the Small Business Deduction from 20% to 25% for businesses with taxable income up to \$100,000, adjusted for inflation. Increasing the value of the deduction for the smallest business owners will provide additional tax savings that can be invested in their businesses and employees, which will help the small business economy recover from the COVID-19 pandemic.

NFIB supports H.R. 3725, the *REST Act*. We look forward to working with you to advance this legislation in the 117<sup>th</sup> Congress, protecting small business owners from tax increases, and providing tax certainty for small businesses as they try to recover from the pandemic.

Sincerely,

A handwritten signature in black ink that reads "Kevin Kuhlman".

Kevin Kuhlman  
Vice President, Federal Government Relations  
NFIB

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<sup>1</sup> *The Tax Cuts and Jobs Act, One Year Later: Part II*, NFIB Research Center, September 2019, <https://strgnfibcom.blob.core.windows.net/nfibcom/2019-TCJA-One-Year-Later-final.pdf>.

<sup>2</sup> *Ibid.*