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September 12, 2018

Representative Rodney Davis
1740 Longworth House Office Bldg.
U.S. House of Representatives
Washington, DC 20515

RE: Support H.R. 6760 – The Protecting Family and Small Business Tax Cuts Act of 2018

Dear Representative Davis,

On behalf of the Associated General Contractors of America (AGC), a national construction trade association representing more than 27,500 firms including America's leading general contractors, specialty contractors, service providers, and suppliers, I am writing to note our strong support of H.R. 6760, the *Protecting Family and Small Business Tax Cuts Act of 2018*, which would make permanent a number of tax provisions important to construction firms that, without Congressional action, will expire at the end of 2025.

The construction industry has traditionally faced the highest effective tax rate of any industry in America, and as a result AGC supports reforms that reduce the effective tax rates of the construction industry, reduce complexity, and promote infrastructure investment. The *Tax Cuts and Jobs Act* (TCJA), passed at the end of 2017, made significant progress on these goals.

Because the majority of construction firms are organized as pass-through entities, AGC is strongly supportive of the 20 percent deduction for pass-through businesses created in TCJA. Combined with the reduction in the individual rates in TCJA, the legislation ensured that pass-through businesses remain competitive with C-Corporations, now taxed at a 21 percent rate. Additionally, as many construction firms are family-owned, AGC is strongly supportive of the increased estate exemption included in TCJA.

Unfortunately, without Congressional action, the reduced rates on pass-through businesses and increased estate tax exemption will expire at the end of 2025. The temporary nature of these important provisions will result in a significant tax increase on many construction firms after they expire and are already impacting long-term tax planning. The *Protecting Family and Small Business Tax Cuts Act of 2018* solves these problems by making these provisions permanent.

Passage of this legislation will provide a significant benefit to the construction industry. Thank you for introducing this important legislation, and AGC strongly urges the House Committee on Ways and Means to support H.R. 6760 at the full committee markup.

Sincerely,

A handwritten signature in black ink that reads "James V. Christianson". The signature is written in a cursive, flowing style.

James V. Christianson
Vice President, Government Relations