



August 27, 2021

The Honorable Ron Wyden
Chairman
Senate Committee on Finance
221 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Mike Crapo
Ranking Member
Senate Committee on Finance
239 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Richard Neal
Chairman
House Committee on Ways and Means
372 Cannon House Office Building
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
House Committee on Ways and Means
1011 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Wyden, Ranking Member Crapo, Chairman Neal and Ranking Member Brady:

The National Demolition Association (NDA) represents nearly 500 U.S. and Canadian companies that offer standard demolition services as well as a full range of demolition-related services and products. NDA educates members on the latest advances in equipment and services, provides educational programs and tools to stay abreast of regulatory and safety matters and keeps regulators informed about issues in our industry. NDA also increases public awareness of the economic and societal benefits of demolition.

As your committees work to craft legislation in conjunction with the FY 2022 budget reconciliation process, NDA would like to express its opposition to any proposals that would impose burdensome tax increases on America's job creators and small businesses. While NDA was pleased to see that no new tax increases were levied on small businesses in the Senate's bipartisan infrastructure bill, we remain concerned about recent proposals in Congress and from the Administration that would increase taxes through the budget reconciliation process. NDA is opposed to any tax increases on America's demolition contractors.

Small businesses are the backbone of the U.S. economy as they employ nearly half of all American workers and account for two-thirds of the net job creation over the past decade.¹ NDA believes any changes to our tax code should sustain the competitiveness of America's small businesses and ensure they can remain viable in the long-term. Enacting tax policy that incentivizes job creation is particularly crucial as the U.S. economy continues to recover from the COVID-19 pandemic.

Through this letter, NDA would like to highlight several tax proposals that will have a negative impact on demolition industry and the nation's small business community.

¹ Small Business Administration's Office of Advocacy, "Frequently Asked Questions", Oct. 2020, <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/11/05122043/Small-Business-FAQ-2020.pdf>.

Section 199A Qualified Business Income (Pass-Through) Deduction

The Tax Cuts and Jobs Act (TCJA) of 2017 created section 199A of the Internal Revenue Code which provides owners of sole proprietorships, partnerships, S corporations and some trusts and estates, a 20% deduction of income from a qualified trade or business. With many demolition contractors organized as pass-through entities, section 199A has proved critical to the success and growth of the demolition industry. To this end, NDA strongly opposes any legislation that would rescind or reduce the existing deduction. Further, NDA opposes increases to individual income tax rates which would serve as a tax increase on many pass-through businesses.

Corporate Income Tax Rate

NDA supported the reduction of the corporate income tax rate from 35% to 21% in the TCJA and opposes any increases to the existing rate. These changes have allowed American businesses to be more globally competitive and free up capital to expand their operations and hire more employees in the U.S. As recovery from the COVID-19 pandemic continues, now is the wrong time to raise taxes, including the corporate income tax rates.

Estate and Capital Gains Taxes

NDA opposes recent proposals in Congress and from the Administration that would repeal the current estate tax exemption set by the 2017 TCJA and eliminate “step-up in basis” of inherited assets for family businesses. NDA also opposes legislation that would raise the long-term capital gains tax rate to match the top marginal income tax rate.

Under existing law, family-owned businesses are protected from the imposition of capital gains taxes at death when passing down their business to the next generation. Eliminating the step-up in basis provision would cause cash flow constraints for family-owned small businesses and threaten the long-term viability of many demolition contractors around the country.

A recent study conducted by the Family Business Estate Tax Coalition estimated that 80,000 jobs would be lost in each of the first 10 years and gross domestic product would decrease by \$100 billion over 10 years if stepped-up basis were repealed.²

These concerns are widely shared by members in the U.S. Senate which recently voted 99-0 in support of a budget amendment authored by Senator John Thune (R-SD) that calls on Congress to protect the step-up in basis provision during the budget reconciliation process.

Vehicle Mileage Tax

NDA opposes any attempts to implement a mandatory vehicle miles-traveled tax (VMT) on American drivers. A vehicle mileage tax would impose burdensome costs on America’s small and mid-size employers and threaten job losses in the demolition industry.

² Family Business Estate Tax Coalition, “Repealing step-up of basis on inherited assets: Macroeconomic impacts and effects on illustrative family businesses”, April 2020, https://assets.nfib.com/nfibcom/FBETC_Stepped-Up_Basis_Report_2021.pdf.



Bonus Depreciation and Section 179 Expensing

NDA opposes any changes to provisions in the TCJA which provide for accelerated and bonus depreciation of capital investments, as well as new and used equipment purchases. These incentives are critical to demolition contractors as they look to expand their business and hire more workers. Eliminating these incentives would slow job growth and have a negative impact across the U.S. economy.

NDA strongly urges your committees to thoughtfully consider the economic ramifications these tax proposals would have on demolition contractors as you draft legislation during the FY 2022 budget reconciliation process. NDA thanks your committees in advance for hearing the concerns of demolition contractors and we are looking forward to working with your committees in the coming weeks.

Please contact NDA's Director of Government Affairs Kevin McKenney at kmckenney@demolitionassociation.com with any further questions.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Lambert", is written over a light gray rectangular background.

Jeff Lambert
CEO
National Demolition Association