

MEMORANDUM

TO: Members of the House Committee on Small Business and Members of the Senate Committee on Small Business and Entrepreneurship

FROM: House Committee on Small Business, Majority Staff, and Senate Committee on Small Business and Entrepreneurship, Majority Staff

DATE: April 3, 2025

RE: Joint Committee Hearing Titled: “Prosperity on Main Street: Keeping Taxes Low for Small Businesses”

On **Tuesday, April 8, 2025, at 10:00 AM ET** the House Committee on Small Business and Senate Committee on Small Business & Entrepreneurship will hold a joint hearing titled “**Prosperity on Main Street: Keeping Taxes Low for Small Businesses.**” The meeting will convene in room HVC-210 of the U.S. Capitol Visitor Center. The purpose of this hearing is to examine the significance of the Tax Cuts and Jobs Act of 2017 to small businesses and examine ways to ensure the long-term growth of Main Street America.

I. Witnesses

- **Mr. Tom Click**, President, CEO and Co-Founder, Patriot Industries;
- **Mr. Preston M. Brashers**, Research Fellow, Tax Policy, the Heritage Foundation;
- **Mr. Jerry Akers**, President, Sharpness Inc. and MOCA Inc.; and
- **Ms. Anne Zimmerman**, Founder and Owner, Zimmer & Co CPAs Inc.

II. Background

The Tax Cuts and Jobs Act of 2017 (TCJA) was the largest tax system overhaul since 1986, providing long overdue relief to American taxpayers and small businesses.¹ Following passage of the TCJA, job creation, U.S. GDP, wealth creation, and domestic investment grew rapidly.² Many critical TCJA provisions that enabled this growth and provided tax relief to small businesses are set to expire at the end of 2025. These provisions include the 100 percent bonus depreciation, immediate R&D expensing, small business expensing, and qualified business income deductions; interest deductibility changes; and increases to the exclusions for estate tax applicability.

Allowing these provisions to sunset could put 5.9 million U.S. jobs, \$540 billion in U.S. employee compensation, and \$1.1 trillion of U.S. GDP at risk.³ The purpose of this hearing is to amplify the

¹ WILLIAM G. GALE, ET AL., EFFECTS OF THE TAX CUTS AND JOBS ACT: A PRELIMINARY ANALYSIS, 1 (Jun. 13, 2018).

² Adam N. Michel & Joshua Locks, *FAQs on Tax Cuts and Jobs Act*, CATO INST. (Feb. 25, 2025).

³ ERNST & YOUNG, ECONOMIC IMPACTS OF THE EXPIRATION OF TAX POLICIES THAT ENCOURAGE MANUFACTURING IN THE UNITED STATES, 7 (Jan. 2025).

perspectives and concerns of small businesses and underscore the importance of making these TCJA provisions permanent. The Committees will examine the benefits of various TCJA provisions that directly support small business growth.

Ensuring small businesses have a predictable tax structure will enable robust economic growth in America. The many provisions within TCJA that benefit small businesses, such as the qualified business income deduction, must be made permanent. Small businesses should continue to benefit from a tax system that encourages their growth and levels the playing field with their corporate competitors, who already received a permanent reduction and simplification of their tax code when the TCJA was passed. Failing to extend these provisions is essentially a tax increase on our small businesses, which will limit job creation and opportunity.

III. Conclusion

The TCJA provided several different tax cuts from which small businesses and start-ups directly benefit. As the expiration of these provisions is rapidly approaching, it is important to recognize the benefits small businesses and start-ups have enjoyed since the TCJA's enactment and understand the ramifications of letting provisions such as R&D expensing or the qualified business income deduction expire. The perspectives members receive at the hearing will inform decisions to make the TCJA permanent, ultimately facilitating GDP growth, increasing consumption and investment, and improving Americans' wages and standard of living.