



Refine Federal Tax Policy

Background:

The Tax Cuts and Jobs Act (H.R.1) was signed into law on December 22, 2017. This legislation is significant for several reasons. It is the first time the tax code has been overhauled in 31 years. It will also be the most significant legislative achievement of the Trump Administration and the 115th Congress to date. NECA has long said that high tax rates and a complex tax code hampers our nation's competitive standing and hinders our economic growth. The time and money NECA contractors spend to comply with our complex tax code could be, and should be, spent on growing their businesses and creating jobs. That is why comprehensive tax reform needed to be tackled.

Key Points:

- *Make the Pass-Through Deduction Permanent to Ensure Certainty and Predictability.* Under the new law the tax rates will sunset at the end of 2025 and revert to previous levels. Congress must pass legislation that would make permanent the 20 percent deduction for certain qualified business income received from pass-through entities such as partnerships or businesses operating under a Subchapter S election.
- *Make Remaining Tax Extenders Permanent.* In 2015, Congress reinstated, extended, and phased down a range of tax provisions for the 2015-2019 tax years. These so-called "extenders" should be made permanent to reduce uncertainty for businesses that rely on some of these important provisions.
- *Fully Repeal the Estate Tax.* Under H.R.1 the Estate Tax and Generation Skipping Transfer Tax exemptions doubled. Without Congressional action, the exemptions will revert back to their previous levels, indexed for inflation, in 2026. This onerous tax is essentially a penalty that families must pay to the government for the "privilege" of keeping their business in their family. Construction companies are frequently family-owned and are particularly hard hit by the death tax burden. In many cases, the federal estate tax rate is such a burden that families often have to sell their small construction companies in order to pay this tax.

NECA Asks:

- Cosponsor H.R. 216, the *Main Street Tax Certainty Act*
 - Sponsors: Rep. Jason Smith (R-MO) and Rep. Henry Cuellar (D-TX)
- Cosponsor H.R. 218, the *Death Tax Repeal Act*
 - Sponsor: Rep. Jason Smith (R-MO)