

NBWA supports permanent tax relief for Main Street businesses. Reducing the overall tax burden for Main Street businesses remains a priority for NBWA and its membership. Focusing on S corporations and other pass-throughs, estate tax relief, increased business expensing, and preservation of LIFO accounting all allow the 3,000 independently owned beer distributors to plan for the future. As the nation recovers from the COVID-19 pandemic, beer distributors continue to support tax incentives that create jobs and stimulate the economy.

NBWA Key Priorities:

- **Tax Structure:** America's beer distributors are primarily structured as S corporations and their business income flows through to the owner's individual income tax return, while others are organized as C corporations.
- **Pass-through Deduction:** The 2017 tax law provided temporary relief for S corporations. The pass-through deduction, known as Section 199A, allows for a 20 percent deduction of qualifying business income for pass-through businesses. This deduction is scheduled to expire at the end of 2025, which will result in a significant tax increase on S corporations, partnerships, and sole proprietorships and will lead to lower growth. **H.R. 1381/S. 480, The Main Street Tax Certainty Act**, would make the Section 199A deduction permanent and provide certainty to businesses and their employees who have been impacted by the COVID-19 pandemic.
- **Stepped-up Basis:** Current tax law allows for the "stepped-up" tax basis of an inherited asset to reflect the fair market value at time of death, removing from taxable gain the appreciation in the asset's value over time. Removal of stepped-up basis on beer distributors with investments in illiquid land, structures, and equipment would put family-owned businesses at risk of liquidating critical job-producing assets to pay for the new increased tax burden. The impact of a one-time capital gains tax can be much larger than the annual income of the business, threatening the business' viability.
- **Estate Tax:** As a result of the 2017 tax law, the 2021 temporary estate tax exemption is currently \$11.7 million for individuals and slightly more than \$23 million for married couples. Legislative proposals that reduce the estate tax exemption or raise current estate tax rates on Main Street businesses will adversely affect family-owned businesses.
- **Expensing & LIFO:** The allowance for full and immediate expensing of qualifying asset purchases and the ability to use LIFO accounting both encourage investment in small businesses.

NBWA Encourages Congress to:

- ✓ Cosponsor H.R. 1381/S. 480, the Main Street Tax Certainty Act, by contacting:

Rep. Jason Smith (R-MO)

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Rep. Henry Cuellar (D-TX)

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Sen. Steve Daines (R-MT)

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- ✓ Oppose the elimination of family businesses' ability to use stepped-up basis.
- ✓ Support efforts to provide permanent estate tax relief to help family businesses.
- ✓ Make the expensing provision permanent and maintain LIFO accounting.