



Tax Issue 1: H.R. 216 The Main Street Tax Certainty Act Talking Points & Things to Ask For

| What to Ask For When Visiting House Members | What to Ask For When Visiting Senators |
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| Please pass H.R. 216 and make the Section 199A deduction permanent. | Please pass H.R. 216 and make the Section 199A deduction permanent. |

Background:

- H.R. 216, The Main Street Tax Certainty Act is a bipartisan bill sponsored by Reps. Jason Smith (R-MO-8) and Henry Cuellar (D-TX-28).
- It makes the Section 199A deduction permanent, which is a popular deduction for pass-through businesses – companies such as partnerships, S corporations, and sole proprietorships.
- Section 199A allows small businesses to deduct up to 20% of qualified business income (QBI). QBI is the net amount of income, gain, deduction, and loss relative to the business. After the deduction, the remaining income would be subject to the appropriate individual rate.
- The structural pest management industry represents \$8.6 billion of the economy and has nearly 20,000 companies employing over 160,000 service technicians and thousands of additional management and support staff throughout the U.S.

Current Status:

- With H.R. 216 and a 20% deduction under a maximum individual tax rate of 37%, the effective tax rate for pass-through entities is cut to 29.6%.
- The Section 199A deduction is only effective at encouraging investment and creating jobs if businesses are confident that we will have this deduction available in the future. The fact that this provision is expiring is a hindrance to our ability to invest in our businesses and create jobs.
- Until lawmakers make a conclusive determination about the status of the pass-through deduction, households and businesses will face substantial uncertainty about the future of the provision.

Why NPMA Cares

- Without H.R. 216, this deduction expires, and small structural pest management businesses will see their tax rates increase starting in 2026.
- Over 90% of structural pest management businesses are organized as pass-throughs and could potentially benefit from H.R. 216 and the Section 199A deduction. Our industry continues to grow at a rapid pace. Much of the new job growth emanates from small and family-owned businesses with five employees or less.