

# NPMA LEGISLATIVE ALERT

## NPMA Supports Tax Reform

### NPMA Supports H.R. 216: The Main Street Tax Certainty Act

NPMA and its 5,500 structural pest management member companies are advocating for the passage of H.R. 216, The Main Street Tax Certainty Act. This bipartisan bill, sponsored by Reps. Jason Smith (MO-8) and Henry Cuellar (TX-28) makes the Section 199A deduction permanent, which is a popular deduction for pass-through businesses – companies such as partnerships, S corporations, and sole proprietorships. Without H.R. 216, this deduction expires in 2026.

Section 199A of the federal tax code 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. 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%. If H.R. 216 is not passed, small businesses will see their tax rates increase. **NPMA urges passage of H.R. 216 to permanently secure a bipartisan tax deduction for small businesses.**

Higher Tax Rates without H.R. 216	Lower Tax Rates with H.R. 216 & Pass-Through Deduction	Bracket thresholds for single filers	Bracket thresholds for married joint filers
10.0 %	8.0 %	\$0 – \$9,525	\$0 – \$19,050
12.0 %	9.6 %	\$9,525 – \$38,700	\$19,050 – \$77,400
22.0 %	17.6 %	\$38,700 – \$82,500	\$77,400 – \$165,000
24.0 %	19.2 %	\$82,500 – \$157,500	\$165,000 – \$315,000
32.0 %	25.6 %	\$157,500 – \$200,000	\$315,000 – \$400,000
35.0 %	28.0 %	\$200,000 – \$500,000	\$400,000 – \$600,000
37.0 %	29.6 %	\$500,000 + \$600,000 +	

### NPMA Supports Making 100% Bonus Depreciation Permanent.

The Tax Cuts and Jobs Act (TCJA), passed by Congress in December 2017, made significant progress in improving the cost recovery treatment of business investment by enacting 100 percent bonus depreciation for short-lived assets (Section 168(k)). This provision allows businesses to immediately deduct the full cost of short-lived investments, similar to the treatment of other business expenses, rather than stretching deductions over many years. However, it is only scheduled to be in full effect for five years, then phase down. It will begin to phase out in 2023 and will expire in its entirety at the end of 2026.

By its nature, pest control is a capital-intensive industry. The TCJA provides ability to immediately deduct capital expenditures (often referred to as “full expensing” or “bonus depreciation”), which significantly reduces the cost of acquiring trucks and various equipment. **NPMA urges Congress to make 100% bonus depreciation permanent prior to 2023.**

**NPMA urges Congress to help businesses succeed by passing H.R. 216 and making bonus depreciation permanent.**