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September 29, 2016

The Honorable Randy M. Hultgren
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Hultgren:

On behalf of the nearly 6,000 community banks represented by Independent Community Bankers of America (ICBA), I write to express our strong support for the Bring Small Businesses Back Tax Reform Act (H.R. 5374), which would reduce the tax burden and simplify filing for the thousands of American small businesses organized as pass-through entities which are responsible for half of all private sector jobs and almost 70 percent of new jobs.

Under the current tax code, the income of pass-through entities such as Subchapter S companies, partnerships, and limited liability companies is taxed at the individual rate, which is as high as 39.6 percent. More than 2,000 community banks in the United States – approximately one third of all banks – have chosen to organize under Subchapter S of the Internal Revenue Code, simplifying their taxation so that they may better serve their customers. Many of the small businesses customers of community banks are also organized as pass-through entities.

H.R. 5374 would provide tax relief for these banks and other pass-through entities by providing that the first \$150,000 of a pass-through's taxable income is taxed at a rate of 10 percent and the first \$1 million of a pass-through's income is taxed at a rate of 20 percent. The bill would also provide for immediate expensing of all investment in equipment by qualifying small businesses. This is significant tax relief that will help these businesses attract new investment dollars, fueling economic growth and job creation. In addition, H.R. 5374 would provide for cash accounting for tax purposes for all businesses with gross receipts under \$25 million. Cash accounting will dramatically simplify their tax preparation.

Thank you again for introducing H.R. 5374. ICBA looks forward to working with you to advance this important legislation.

Sincerely,

/s/

Camden R. Fine
President & CEO

The Nation's Voice for Community Banks.®

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