



The Honorable Richard Neal
U.S. House of Representatives
372 Cannon House Office Building
Washington, DC 20515

The Honorable Ron Wyden
U.S. Senate
221 Dirksen Senate Office Building
Washington, DC 20510

September 9, 2021

Dear Chairman Wyden and Chairman Neal,

On behalf of the more than 95,000 members of the American Institute of Architects (AIA), I write to you today to express our organization's strong support for protection of the 20% "pass-through" deduction for Qualified Business Income in IRC Section 199A (established by the 2017 Tax Cut and Jobs Act). AIA strongly supports broad infrastructure investment and many of the provisions in both the bipartisan Infrastructure Investment and Jobs Act passed by the Senate and the larger Build Back Better Act now under consideration in both chambers of Congress.

However, AIA is concerned that Congress may consider reducing or eliminating this deduction and raise taxes on architecture firms and other small business at a critical time when many are still struggling to recover from the COVID-related economic crisis. AIA urges Congress to maintain IRC Section 199A, as written.

Surveys have shown that, whether S-Corps, partnerships, LLCs, or sole proprietorships, over 57% of architecture firms are organized as "pass-through" entities that are taxed at the individual tax rates, minus the 20% deduction that began in tax year 2018. This deduction has allowed architecture firms and thousands of other small businesses across America to reinvest in and grow their businesses, hire new employees, and move our economy forward.

Architects and architecture firms will be an integral part of the Administration's plan to "Build Back Better" to design net-zero carbon buildings that are more resilient in the face of every-increasing severe weather events. We look forward to the challenge and the opportunities that a large-scale infrastructure plan will bring.

However, it is imperative that Congress not roll back the pass-through deduction in Section 199A at a time when small businesses, including architecture firms, are emerging from the economic downturn. The impact of reducing or eliminating this deduction on architecture firms and other small businesses (organized as pass-through entities) would be particularly punitive if coupled with an increase in the top individual tax rate, as "pass-through" entities will be subject to both increases simultaneously.

AIA looks forward to continuing our work with Congress on comprehensive infrastructure legislation. We understand that the investment will not be inexpensive, but, as you consider tax policies to pay for these important proposals, we ask that you protect the provisions of the Tax Cut and Jobs Act that have proven to be successful economic drivers. The 199A pass-through deduction certainly meets

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that criteria and we therefore ask that it be retained in any changes to the tax code under consideration.

Thank you in advance for your consideration of our input on this matter, and we look forward to a continuing dialogue on this important topic.

Sincerely,

A handwritten signature in blue ink that reads "Sarah Dodge". The signature is written in a cursive, flowing style.

Sarah Dodge
Senior Vice-President of Advocacy & Relationships

CC: The Honorable Nancy Pelosi, Speaker
The Honorable Chuck Schumer, Leader