# LEGISLATIVE CONFERENCE
PROTECT YOUR INDUSTRY

BIG i

## TAX REFORM

### The Big “I” urges Congress to:

- **Make permanent the 20% small business deduction, also known as “199A” by passing The Main Street Tax Certainty Act of 2025 (S.213/H.R.703) or including it in a broad tax package.**
- **Oppose any effort to eliminate or cap the employer tax exclusion for health insurance.**
- **Protect the tax-exempt status of 501(c) organizations, particularly trade associations, and oppose any proposals to subject their royalty income to unrelated business income tax (UBIT).**

Much of the 2017 Tax Cuts & Jobs Act (TCJA) is set to expire at the end of 2025 and, if Congress does not act, individuals and businesses will see substantial tax increases. Main Street America is recovering from an economic slowdown and raising taxes will further harm already fragile businesses and the communities which they serve.

The Big “I” supports **The Main Street Tax Certainty Act (S.213/H.R.703)**, introduced by Sen. Steve Daines (R-MT) and Rep. Lloyd Smucker (R-PA), which would make permanent the 20% small business deduction for pass-through entities that was passed as part of the TCJA. The deduction, which is scheduled to expire at the end of 2025, is heavily relied upon by many Big “I” members to keep their agencies operating, meet payroll, and better serve consumers and their communities. According to the 2024 Big “I” Agency Universe Study, 86% of independent insurance agencies are organized as pass-through entities. These entities have factored this deduction into their operations and its expiration would result in a tax increase on them and many other small businesses. Such an increase would create an unlevel playing field and put pass-throughs at a disadvantage to those businesses filing taxes at the lower corporate rate that was made permanent in the 2017 Act.

As Congress considers significant tax reform, the Big “I” asks that they do not eliminate or cap the employer tax exclusion for health insurance. Employer-sponsored coverage is the foundation of American health care, providing stable financial protection for nearly 180 million workers and their families. Taxing this coverage would not only increase costs for employees, but also undermine the accessibility and affordability of health care. Historically, employer-sponsored insurance has been tax-free, allowing employees to receive benefits without additional financial burden. Should this change, employees would face higher tax burdens or increased out-of-pocket healthcare costs, while employers might respond by reducing benefits or shifting more costs onto workers. This could lead to less affordable healthcare and potentially disrupt coverage for millions.

The tax-exempt status for 501(c) organizations, such as trade associations, also faces a significant threat. The Big “I” asks Congress to oppose any proposals that would eliminate tax-exempt status for associations, or subject royalty income derived from the licensing of a tax-exempt organization’s name or logo to UBIT. Royalties have historically been treated as passive income and are a significant source of non-dues revenue for associations that can be reinvested in education, skills training, research, and other activities. Like the rest of the business sector, associations are continually evolving to stay relevant for their members by offering innovative programs and services that advance the industries or professions they represent. Organizations that are wholly reliant on membership dues for income are in danger of becoming obsolete. Non-dues revenue helps nonprofit organizations weather economic downturns and provide consistent support and services to their memberships, who are often important employers in local communities.