

HARDI ADVOCACY

Main Street Tax Certainty Act and Restoring Investments in Improvements Act

- The qualified business income deduction passed as part of the Tax Cuts and Jobs Act expires on December 31, 2025.
- The Main Street Certainty Act would make the qualified business income deduction permanent.
- The Restoring Investments in Improvements Act would fix a drafting error in the Tax Cuts and Jobs Act that prevents businesses from utilizing Qualified Improvement Property to expense improvements to commercial buildings.

In December 2017, the Tax Cuts and Jobs Act was signed into law, resulting in major relief for pass-through businesses and corporations. The beneficial provisions of the Tax Cuts and Jobs Act included substantial reductions in the corporate rate, 20 percent deduction of qualified business income for pass-through businesses, doubling of the estate tax exemption threshold, and full immediate expensing of HVAC equipment purchases for businesses. Unfortunately, some of the most important changes, including the 20 percent deduction for pass-through businesses and the increase in the estate tax exemption are temporary and will expire December 31, 2025. HARDI supports permanently making the qualified business income deduction permanent to provide predictable tax relief for our members.

Congressman Jason Smith (R-MO) has introduced the Main Street Certainty Act, H.R. 216, to make the new 20 percent small business deduction permanent. HARDI is asking Members of Congress to cosponsor this legislation in order to build support for permanent small business tax relief.

In addition to lowering tax rates, the Tax Cuts and Jobs Act made significant improvement to the expensing of business equipment. A drafting error in the Tax Cuts and Jobs Act, relating to Qualified Improvement Property (QIP), is preventing businesses from expensing improvements to real property including commercial buildings. Projects excluded from the QIP expensing rules include installing new signs for the business, upgrading lighting fixtures to more energy-efficient products, and modernizing common areas in office buildings. In addition, large businesses that do not qualify for HVAC expensing through Section 179 would be able to expense heating and air-conditioning retrofits.

The Restoring Investments in Improvements Act sponsored by U.S. Senators Pat Toomey (R-PA) and Doug Jones (D-AL) and Congressman Jimmy Panetta (D-CA) and Congresswoman Jackie Walorski (R-IN) would fix the drafting error in the Tax Cuts and Jobs Act and would allow building improvements to be immediately expensed as was initially intended. HARDI is seeking to add cosponsors to this legislation to help build support for making this common sense fix to the law.

HARDI supports the Restoring Investments in Improvements Act and the Main Street Tax Certainty Act to help member businesses prosper. Permanence allows small businesses, pass-throughs, and S-Corps to effectively plan for the future by eliminating the threat of automatic tax increases. HARDI believes that the tax changes must be made permanent to ensure the best chance for growth in the future.