

August 30, 2017

Chairman Orrin Hatch
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20110

Chairman Kevin Brady
U.S. House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20115

Dear Chairman Hatch and Chairman Brady-

You were recently parties to a joint statement along with other Congressional leaders and officials from the administration which listed some priorities for reforming the tax code. These priorities included tax reform for businesses, stating “we also believe there should be a lower tax rate for small businesses so they can compete with larger ones, and lower rates for all American businesses so they can compete with foreign ones.”¹ We would like to offer some thoughts in this area on behalf of the small business pharmacy owners whom we represent.

The National Community Pharmacists Association (NCPA) represents America's community pharmacists, including the owners of more than 22,000 independent community pharmacies. Together they represent an \$81.5 billion health care marketplace and employ more than 250,000 individuals on a full or part-time basis. These small business pharmacies are often located in underserved urban and rural communities. Community pharmacists are among the most accessible and most trusted health care providers and work with patients to manage chronic health conditions and counsel them on proper use of medication.

Unfortunately, the current tax code penalizes many of these community pharmacies for being established as small business pass-through entities rather than corporate entities. Pass through income, which is income generated by a partnership, a limited liability company, sole proprietorship or S Corporation is treated as personal income under the current tax code. Meanwhile, large corporate entities are subject to a lower tax rate.

Pass through entities provide nearly as many jobs as corporations, thus tax reductions for corporations should be matched by tax reductions to small businesses. Therefore, we urge your committees to include provisions that would align the small business tax rate with that of corporate entities which would assist the administration in fulfilling its goal of rebuilding Main St. We believe there must be tax parity in order for small businesses to invest in the future and for job creation to flourish. In the case of independent pharmacies, such tax parity would help allow them to expand to provide additional patient services to improve the health of their communities.

By embracing the important principle that all businesses, both small and large, should be taxed similarly, tax reform can be an engine that grows the economy and creates good jobs. It is our hope this will be a priority in finalizing this legislation.

¹ Joint Statement on Tax Reform. July 27 2017. White House Press Office <https://www.whitehouse.gov/the-press-office/2017/07/27/joint-statement-tax-reform>

Thank you for your service and for your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Douglas Hoey". The signature is fluid and cursive, with the first name "B." and last name "Hoey" clearly distinguishable.

B. Douglas Hoey, RPh, MBA

CEO, National Community Pharmacists Association

CC:

Speaker Paul Ryan

Senate Majority Leader Mitch McConnell

Treasury Secretary Steven Mnuchin

National Economic Council Director Gary Cohn