

January 12, 2022

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232 U.S. Capitol
Washington, DC 20515

The Honorable Charles Schumer
Senate Majority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
House Minority Leader
U.S. House of Representatives
H-204 U.S. Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Senate Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader McCarthy, Leader Schumer, and Leader McConnell:

The undersigned business trade groups call on Congress and the Administration to end efforts to pass the multi-trillion-dollar tax increase included in the Build Back Better (BBB) bill and focus instead on the challenges confronting American families and businesses today – rising prices, labor shortages, and ongoing supply chain constraints.

Today's Consumer Price Index report showing inflation rising at the fastest rate in forty years has our members understandably alarmed. Rapidly rising prices are a serious challenge to businesses of all sizes as they make purchasing inventory, supplies, and inputs such as heat and electricity more expensive. In many cases, our members are unable to pass these higher costs on to their customers. Some customers are unable to pay higher prices, while others are locked into long-term contracts that preclude price changes.

These challenges are amplified by today's constrained labor markets. NFIB's member surveys rank the ongoing worker shortage as the number one challenge employers face. When businesses do find suitable workers, they often need to offer them higher wages to entice them to come to work. In ordinary times, this would be good for the workers, but as we have seen in recent months, inflation eats away at these nominal pay increases and real wages are actually down this year.

The Administration argues that the Build Back Better bill will help to reduce prices, but those arguments are simply not credible. Our members believe the primary causes of the reemergence of inflation are the Federal Reserve's continued easy money policies, massive amounts of deficit

spending by Congress, and continued supply constraints, some tied to the Administration's economic and Covid policies.

Raising taxes on America's family businesses in this environment moves us in the wrong direction. Recent estimates show that more than \$500 billion of the Build Back Better's cost will be shouldered by family businesses and the bill would impose top rates on these businesses exceeding 50 percent. As with increased spending, voters believe these tax increases will be inflationary.

The Federal Reserve has recognized the challenge inflation poses to families and businesses and announced it will begin tapering its quantitative easing purchases in the coming months. Congress needs to make a similar adjustment, beginning by ending efforts to sharply increase federal spending while raising taxes on America's employers.

Sincerely,

Air Conditioning Contractors of America
American Building Materials Alliance
American Farm Bureau Federation
American Foundry Society
American Lighting Association
American Mold Builders Association
American Rental Association
American Supply Association
American Trucking Associations
Asian American Hotel Owners Association (AAHOA)
Associated Builders and Contractors
Associated Equipment Distributors
Auto Care Association
Brick Industry Association
Ceramic Tile Distributors Association
Coalition of Franchisee Associations
Construction Industry Round Table
Convenience Distribution Association
Customized Logistics and Delivery Association (CLDA)
Education Market Association
Energy Marketers of America
Family Business Coalition
Foodservice Equipment Distributors Association
Franchise Business Services

GAWDA

Glass Packaging Institute (GPI)

Global Cold Chain Alliance

Hardwood Federation

Heating, Air-conditioning, & Refrigeration Distributors International

Independent Bakers Association

Independent Electrical Contractors

Independent Lubricant Manufacturers Association

Industrial Fasteners Institute

Institute of Scrap Recycling Industries, Inc

International Association of Plastics Distribution

International Foodservice Distributors Association

International Fresh Produce Association

International Sign Association

International Warehouse Logistics Association

Main Street Employers Coalition

Manufactured Housing Institute

Material Handling Equipment Distributors Association

Metals Service Center Institute

National Association of Convenience Stores

National Association of Electrical Distributors

National Association of Home Builders

National Association of Wholesaler-Distributors

National Beer Wholesalers Association

National Community Pharmacists Association

National Fastener Distributors Association

National Federation of Independent Business (NFIB)

National Franchisee Association

National Grocers Association

National Independent Automobile Dealers Association (NIADA)

National Lumber & Building Material Dealers Association

National Marine Distributors Association

National Onion Association

National Ready Mixed Concrete Association

National Roofing Contractors Association

National Small Business Association

National Stone, Sand and Gravel Association

National Tooling and Machining Association

National Waste & Recycling Association

North American Association of Food Equipment Manufacturers (NAFEM)

North American Die Casting Association
Outdoor Power Equipment and Engine Service Association
Pacific West Fastener Association
Petroleum Equipment Institute
Plastics Industry Association
Plumbing-Heating-Cooling Contractors--National Association
Policy and Taxation Group
Precision Machined Products Association
Precision Metalforming Association
PRINTING United Alliance
Retail Bakers of America (RBA)
S Corporation Association
Service Station Dealers of America and Allied Trades
Small Business & Entrepreneurship Council
Society of Collision Repair Specialists (SCRS)
Southeastern Lumber Manufacturers Association
Southwest Cable Communications Association
Spray Polyurethane Foam Alliance
Subchapter S Bank Association
Textile Care Allied Trades Association
Tile Roofing Industry Alliance
Tire Industry Association
Western Equipment Dealers Association
Wine & Spirits Wholesalers of America