



**AIA**  
Michigan

# ACTION ALERT

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## Member Action Needed to Address Serious Problem in House Tax Reform Bill

Dear AIA Michigan Member:

The House Ways and Means Committee has just released a tax reform plan that could actually raise taxes for architecture firms organized as pass-through businesses, including S corporations, partnerships, and LLCs.

Tax reform legislation being considered by Congress will lower the top corporate tax rate to 20 percent, and create a new 25 percent rate for pass-through businesses. However, the bill denies the new pass-through rate to architecture firms and other professional services, leaving these firms with a tax rate that is at least 15 percentage points higher than architecture firms organized as C corporations.

In addition, the legislation eliminates tax deductions and credits both C corporations and pass-through firms use to lower their tax burden and invest in their businesses, magnifying the difference between their tax rates. Pass-through firms would be left with choosing between a potentially expensive and burdensome transition to a C corporation, or remaining with a tax structure that undercuts their ability to compete in the marketplace.

AIA members are asked to contact their Representatives and Senators, and urge them not to exclude architecture firms from the lower rates in tax reform. [Click here](#) to find your Representative's contact information and [click here](#) to find your Senator's contact information.

### Where AIA stands

In 2013, when lawmakers began discussing tax reform more seriously, the AIA adopted three broad principles for tax reform:

- We support comprehensive tax reform that lowers marginal tax rates for individuals, pass-through entities, and corporations, while broadening the tax base and simplifying the tax code.
- Tax policies aimed at strengthening small businesses, including tax policies that maintain the ability of businesses to choose pass-through forms of entities, should be preserved.
- Tax policies should provide incentives for innovative, economically vibrant, sustainable, and resilient development that creates jobs and will

revitalize our nation's buildings and infrastructure.

## Speaking up for what matters

What can you do to help shape the final bill?

First, join the [AIA Legislative Action Network \(LAN\)](#) and receive in-depth, up to date information on this and other key issues. You also can make your voice heard now by sending a letter to your members of Congress to urge them to protect the [Historic Tax Credit](#) and the [179D green building tax incentive](#), as well as to ensure tax rate fairness for architecture firms. Please take a moment to tell your representative how you feel.

But more importantly, stay alert. This bill is moving fast, and architects will need to mobilize quickly. If you see an AIA Action Alert in your inbox, don't delete it: Read it and act. It may be our only opportunity to weigh in with Congress on tax reform.

For more information, [click here](#).

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