



January 10, 2025

The Honorable Jason Smith  
Chairman  
U.S. House Ways and Means Committee  
1011 Longworth House Office Building  
Washington, DC, 20515

The Honorable Richard Neal  
Ranking Member  
U.S. House Ways and Means Committee  
1129 Longworth House Office Building  
Washington, DC, 20515

Dear Chairman Smith and Ranking Member Neal,

Today, the House Ways and Means Committee will hold a hearing on the importance of permanently extending the 2017 Tax Cuts and Jobs Act (TCJA)—a decision that carries immense consequences for America’s family-owned wine and spirits distributors.

The TCJA introduced key tax reforms, including the Section 199A deduction for qualified business income and updates to the estate tax.

Nearly all of America’s wine and spirits wholesalers are multi-generational, family-owned, privately held businesses that are eligible for the Section 199A deduction. Since 2017, our businesses have invested billions across the country into their 97,800 full-time equivalent employees, 4,175 facilities, and 1,121 separate communities. A study performed by John Dunham and Associates indicates that Section 199A in particular has enabled wine and spirits wholesalers to invest between \$44 million and \$54 million annually into our companies, at a total of \$304-\$380 million since Section 199A was enacted.

One of the unique aspects of wine and spirits wholesalers is that our businesses operate only in the United States, employing only local workers. That means that 100 percent of that reinvestment has been made here in the United States and in the local communities we serve. To the extent that one of the primary goals of Section 199A was to promote investment in American businesses and economic growth within the United States, then wine and spirits wholesalers have done exactly that.

The importance of Section 199A to the livelihood of family-owned businesses across the country cannot be overstated. It has created jobs, supported local communities, and ensured American companies can thrive through the challenges presented by a global pandemic and the significant inflation of the last few years. Without it, many businesses would be forced to make difficult decisions about their workers, facilities, and business future. The expiration of Section 199A would not only directly impact wine and spirits wholesalers but by extension would impact our suppliers’ customers and vendors who could see reduced service and spending by our companies. These partners employ over 1.2 million full-time equivalent people in every corner of the country.

It is important to note that wine and spirits wholesalers do not only compete with each other, being in the logistics and marketing businesses, we compete against large, publicly traded and corporate distributors and retailers for employees, trucking, warehouse space, equipment, and other services. The TCJA



permanently lowered the corporate rate for many of these businesses. If the Section 199A tax deductions were to expire, we would be at a significant disadvantage compared to these multinational companies, paying a top statutory tax rate nearly double the corporate tax rate.

In addition to creating Section 199A, TCJA also made important changes to the estate tax. Specifically, it raised the exemption available to families passing their assets to the next generation. For our wholesalers, this increased exemption is critical to the continuation of the family business, some of which are entering their fifth generation of family leadership. If this exemption were to return to pre-2017 levels it could force some of those businesses to liquidate. Unfortunately, the buyers of those businesses would likely be large corporations or private equity firms. Maintaining the exemption levels from the TCJA is critical to the health of independently owned family businesses.

We look forward to an educational and informative hearing and appreciate the opportunity to share our story about the importance of these tax provisions. Thank you for the support the Committee has shown for family-owned businesses like ours.

Sincerely,

Francis Creighton, President & CEO  
Wine & Spirrits Wholesalers of America

