

June 9, 2025

The Honorable John Thune
Majority Leader
U.S. Senate
S-230, U.S. Capitol
Washington, D.C. 20510

The Honorable John Barrasso
Majority Whip
U.S. Senate
S-208, U.S. Capitol
Washington, D.C. 20510

Dear Majority Leader Thune and Majority Whip Barrasso,

On behalf of America's healthcare professionals, we write to voice our urgent concern regarding a tax provision in H.R. 1, *the One Big Beautiful Bill Act*, that would harm small businesses and jeopardize patient care across the country. Our practices rely on sound tax policy to remain financially viable and deliver high-quality care to the patients and communities we serve.

Many dental and medical practices operate as pass-through entities, meaning their business income is taxed at the individual level. These small businesses are the backbone of the American economy. The number of pass-through businesses has tripled in the past 45 years, and they employ more than 50 percent of the private sector workforce.ⁱ Pass-through entities provide a sustainable and competitive financial structure, especially for small dental and medical practices in rural or underserved areas.

Section 112018 of H.R. 1 as passed by the House of Representativesⁱⁱ would eliminate the ability of certain pass-through entities, specifically those defined as specified service trades or businesses (SSTBs), to deduct state-level pass-through entity taxes (PTET) on their federal returns.

SSTBs already face limitations under the tax code, including phase-outs of the Qualified Business Income (QBI) deduction based on income thresholds. The ability to deduct PTET has helped these small businesses achieve a level playing field with other business structures and offset the cap on state and local tax (SALT) deductions imposed by the 2017 *Tax Cuts and Jobs Act* (TCJA).

To be clear: the PTET deduction is not a loophole, nor a workaround. It reflects the original intent of Congressⁱⁱⁱ to preserve fair treatment for all small businesses, regardless of structure. Its elimination would unfairly single out service professionals and further widen the tax disparity between them and larger corporations.

Our professions already face rising costs for staffing, equipment, technology, and continuing education efforts. Any added tax burden will make it difficult for small practices to survive. Eliminating the PTET deduction could lead to staff reductions, service limitations, and even practice closures, directly affecting patients' access to care.

We strongly urge Congress to restore the PTET deduction as the Senate deliberates on the reconciliation bill. The undersigned healthcare organizations, representing millions of

healthcare professionals, support an amendment to protect PTET deductibility and ensure that small dental and medical businesses are treated fairly under the tax code.

This is not just a tax issue; it is a small business and patient access issue. Dentists, physicians, and other healthcare providers should not be arbitrarily penalized for the way their practices are structured.

We thank you for your consideration of this crucial issue. Please contact Nick Cargas with the American Dental Association at cargasn@ada.org with any questions or requests for supplemental information.

Sincerely,

American Dental Association
Academy of General Dentistry
American Academy of Dental Sleep Medicine
American Academy of Dermatology Association
American Academy of Family Physicians
American Academy of Oral & Maxillofacial Pathology
American Academy of Otolaryngology - Head and Neck Surgery
American Academy of Pediatric Dentistry
American Academy of Periodontology
American Association of Endodontists
American Association of Neurological Surgeons
American Association of Oral and Maxillofacial Surgeons
American Association of Orthodontists
American Association of Public Health Dentistry
American College of Obstetricians and Gynecologists
American College of Physicians
American College of Radiology
American College of Rheumatology
American Gastroenterological Association
American Medical Association
American Osteopathic Association
American Psychiatric Association
American Society of Anesthesiologists
American Society of Dentist Anesthesiologists
American Society for Radiation Oncology
American Student Dental Association
American Urological Association
Congress of Neurological Surgeons
National Dental Association
Society for Cardiovascular Angiography and Interventions
Society for Vascular Surgery
Society of Interventional Radiology

ⁱ Pomerleau, Kyle. “An Overview of Pass-through Businesses in the United States.” *Tax Foundation*, 26 Sept. 2024, taxfoundation.org/research/all/federal/overview-pass-through-businesses-united-states

ⁱⁱ United States, Congress, H.R. 1, the One Big Beautiful Bill Act, 2025. <https://www.congress.gov/bills/119th-congress/house-bill/1>

ⁱⁱⁱ *Tax Cuts and Jobs Act*. Report 115-409, Committee on Ways and Means. November 13, 2017. <https://www.congress.gov/115/crpt/hrpt409/CRPT-115hrpt409.pdf>

Cc:

Senate Committee on Finance

Senate Committee on Small Business