



National Grocers Association

November 28, 2017

Dear Senator,

Independent retail supermarkets and wholesalers represent nearly one-percent of the overall U.S. economy, employ approximately 944,200 workers, and account for roughly \$27.23 billion in annual tax revenue. The National Grocers Association (NGA) and the undersigned member companies and state associations commend you for your leadership in advancing comprehensive tax reform legislation. We have a unique opportunity to improve our tax code to help Main Street business grow and create American jobs.

We are concerned, however, with how the legislation treats pass-through entities. Approximately half of NGA's member retailers operate as pass-throughs. These companies, many of whom are family-owned supermarkets, are an engine of economic growth in their communities. Tax reform legislation that fails to achieve rate parity between these important American companies and their corporate competitors would harm competition and drive additional consolidation in an industry that has become increasingly concentrated.

NGA's pass-through member companies would not experience the full benefits of tax reform under the Senate framework. Reducing tax incentives while providing a deduction of up to 17.4 percent would bring the effective rate on qualifying businesses down to 32 percent, a rate that is 12 points above that of C corporations. At the beginning of the tax reform process, the so-called Unified Framework pledged to treat pass-through businesses fairly in relation to their corporate competitors, and explicitly called for a rate differential of five percentage points. Unfortunately, the Senate bill disregards this promise and sunsets the pass-through deduction in seven years.

America's pass-through independent supermarkets are a large and vital part of the economy and the new lower business tax rate needs to reflect their importance by being broadly applied and effectively enforced. We urge Congress to support reforms that create a more level playing field for Main Street supermarkets so they can grow their businesses and create local jobs.

Independent supermarkets are driving innovation in the marketplace. From implementing e-commerce strategies to developing new formats that enhance the customer experience, independent grocers are truly leading the way. We know tax reform can help these entrepreneurs to continue to invest in their companies, employees, and communities. We look forward to working with you and your colleagues to grow this important sector of the economy.

Sincerely,

National Grocers Association

Alabama Grocers Association
America's Food Basket
Ammons Supermarkets, LLC
Arizona Food Marketing Alliance
Arkansas Grocers & Retail Merchants Association
Asker's Harvest Foods
Associated Food Stores, Inc.
Associated Grocers, Inc.
Associated Wholesale Grocers, Inc.
B. Green & Company, Inc.
Baker's Management, Inc.
Big Top Market
Boyer's Food Market, Inc
Brackett's Market
Brookdale ShopRite
Brookshire Grocery Company
Brown's Super Stores, Inc.
Busch's, Inc.
Byram Beverage, Inc.
C&S Wholesale Grocers, Inc
Clayton Ranch Market
Coborn's Inc.
Colerain IGA
Collins Family Markets Inc
Columbiana Foods, Inc.
Connecticut Food Association
Country Boy Markets
Cowhey Family Shoprite
Cox's Foodarama Inc.
Cranford Fresh World
Delaware Supermarkets, Inc.
Dierbergs Markets, Inc.
Doc's Food Stores, Inc
Eickhoff's ShopRite Supermarkets
Fausto's Food Palace, LLC
Felicity IGA Market
Five Star Supermarkets of New London
Five Star Supermarkets of Norwich
Five Star Supermarkets of Clinton
Florida Grocers Association
Food Giant Inc.
Food Industry Alliance of New York State
Food Parade dba Shoprite
Forks Outfitters
Foster & Howell Inc
G & J Brooks Ent., Inc.
Gallagher Family Markets, LLC
Garafalo Markets LLC
Geissler's Supermarket
Geyer's Markets, Inc.
Gongco Foods
Grade A Shoprite
Grays Foods Inc
Greenfields ShopRite
Grolmus Enterprises, Inc
Harps Food, Inc.
Hawaii Food Industry Association
Henderson IGA Market
Hi Nabor Supermarket, LLC
Hugo's Family Marketplace
Illinois Food Retailers Association
Indiana Grocery Group
Iowa Grocery Industry Association
Janson Supermarkets LLC
Janssen's Market, LLC
K -VA- T Food Stores, Inc.
K.M. Supermarkets, Inc.
Kaune's Neighborhood Market
Kearny ShopRite Inc
Keils Food Stores
Keith's Foods, Inc.
Kennies Markets Inc.
Kessler's Inc.
Kleins Family Markets
Klein's ShopRite of Maryland
KTM Supermarkets
Laperle IGA
Lawrence Brothers Supermarkets
Little Falls ShopRite Supermarket
Louisiana Retailers Association
Lowe's Markets
Mannix Family Markets
Maryland Retailers Association
McMenamin Family ShopRite
Merchants Distributors
Michigan Grocers Association
Miller Farms Family Markets
Minnesota Grocers Association
Mt. Plymouth IGA Express
New Jersey Food Council
Newport Ave Market
Niemann Foods, Inc.

North Dakota Grocers Association
Nugget Market
Nutricion Fundamental, Inc.
Oklahoma Grocers Association
Pennsylvania Food Merchant Association
Perlmart Inc.
Peterson's Fresh Market
PR Wood DBA Woodchuck IGA
PriceRite
R & S Supermarket, LLC
Ragland Bros Retail Co's, Inc.
Randy's Neighborhood Market
Ravitz Family Shop Rites
Rehkopf Enterprises Inc
Reid's Markets, Inc.
Reje Universal Supermarket
Retail Grocers Association of Greater Kansas City
Ried's Markets, Inc.
Rightway, Inc.
Roche Bros. Supermarkets Co.
Ronetco Supermarkets, Inc.
Rouses Enterprises, LLC
Rudy's Markets Inc. DBA Newport Ave. Market
Save More Food Markets Inc.
Sedanos Management, Inc.
Sendik's Food Market
Shop Rite of Hunterdon County, Inc.
Shop Rite of Lincoln Park
Shoppers Valu
ShopRite of Carteret, Inc.
ShopRite of Oakland, Inc
ShopRite of Wallingford
ShopRite of Southington Ct.
ShopRite Supermarkets, Inc.
Stanlar Foods, Inc.
Strack & Van Til
Sunrise ShopRite, Inc.
T.A. Solberg Co., Inc.
Texas Retailers Association
The Fresh Grocer
Tom's Food Center
Tornaquindici ShopRite
URM Stores, Inc.
Utah Food Industry Association
Utah Retail Merchants Association
Vallarta Supermarkets

Village Super Market, Inc
Vowell Marketplace IGA
WA Food Industry Association
Wade's Food Center, Inc
Wakefern Food Corp.
Walla Walla's Harvest Foods
Waverly Markets, LLC
Western Supermarkets
Windham IGA
Wingerts Food Center
Wingert's, Inc
Woodlands Market
Wrights Market
Zallie Supermarkets, Inc