



November 15, 2022

Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20515

Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

Honorable Mitch McConnell
Republican Leader
U.S. Senate
Washington, DC 20510

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

The 117th Congress has witnessed significant bipartisan and bicameral accomplishments that have benefitted American workers, families, and consumers, and levelled the playing field so some important domestic industries can grow. Prior to the conclusion of the 117th Congress, the American music community calls on you to support American music creation that is still reeling from the pandemic by passing into law the bipartisan and bicameral Help Independent Tracks Succeed (HITS) Act (H.R. 1945/ S. 752).

The HITS Act is a low-cost and commonsense modification to existing U.S. tax law that will incentivize the production of new sound recordings by allowing qualified productions to deduct 100% of their costs upfront. With an annual deduction limit of \$150,000, the bill is designed and tailored to specifically incentivize independent creators and labels to produce new music, sparking important creative investments in countless music small businesses across the country. This targeted approach makes the HITS Act a fiscally responsible investment in the American creative economy.¹

¹ The HITS Act was scored by the Joint Committee on Taxation at a total cost of \$35 million over 10 years.

The HITS Act also brings much-needed parity to the tax code for all creative industries. Currently, under Sec. 181 of the Internal Revenue Code, qualified film, television, and live theatrical productions may elect to fully deduct new production costs in the year they are incurred. Music production, which occurs in every state and congressional district, deserves the same treatment. Instead of being able to fully deduct production expenses in the year they occur, independent recording artists must currently amortize production expenses for tax purposes over the full economic life of a sound recording. For small creators, this timing difference slows down their reinvestment in new projects that can fuel growth. The HITS Act harmonizes the tax code and ensures that all the major creative industries are treated similarly.

As you consider end-of-year legislation, the music community strongly urges you to pass the HITS Act. It represents exactly the type of bipartisan, bicameral, and non-controversial economic investment that Congress should be proud to support. Passage of H.R. 1945/S. 752 is a smart and simple step that will make a lasting difference for countless independent music creators and music small businesses.

On behalf of the hundreds of thousands of music makers and music businesses across the country, thank you for your consideration.

Signed,

American Association of Independent Music
Artists Rights Alliance
ASCAP
Black Music Action Coalition
Broadcast Music Inc.
Christian Music Trade Association
Digital Media Association
Future of Music
Global Music Rights
Gospel Music Association
Music Artists Coalition
Nashville Songwriters Association International
National Independent Talent Organization
National Independent Venue Association
National Music Publishers Association
Recording Academy
Recording Industry Association of America
SAG-AFTRA
SESAC
The Society of Composers and Lyricists
Songwriters Guild of America
Songwriters of North America
SoundExchange

CC Chairman Ron Wyden, Senate Finance Committee
Ranking Member Mike Crapo, Senate Finance Committee
Chairman Richard Neal, House Ways and Means Committee
Ranking Member Kevin Brady, House Ways and Means Committee