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## LEGISLATIVE Alert

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION



December 18, 2017

### Tax Reform Bill Advances

On Monday, the conference committee tasked with reconciling differences between the House and Senate-passed tax bills released the compromise conference report that must now go back to each House for approval before the final bill is sent to the President to be signed into law. APTA communicated its concerns to Congress on a number of issues in the bill. To view the letter APTA that APTA sent to the conference committee highlighting industry priorities, [please click here](#).

The bill preserves current law on Private Activity Bonds (PAB's), which the House bill would have eliminated, thereby preserving an important infrastructure financing mechanism. The conference bill retains most current law on municipal bonds, but eliminates the advance refundability of municipal bonds, something APTA sought to retain. The ability to take advantage of lower interest rates for a one-time refinance enhances the attractiveness of municipal bonds, and the elimination of advance refunding will result in higher costs for communities that will not be able to do advance refunding.

On the commuter tax benefit, the bill preserves current law which treats both transit commuter benefits and parking benefits of up to \$255 a month as a non-taxable fringe benefit for employees, but it eliminates that ability of employers who pay for employees commute benefits to deduct the cost of providing the benefit as a business expense. The conference agreement also strikes language which would have subjected certain investments by state and local government pension plans to the unrelated business income tax (UBIT). Eliminating this provision could have reduced investment income by pension systems in which transit systems participate.

The measure did not address the solvency of the Highway Trust Fund, or extend tax credits for alternative fuel use by transit systems, as APTA had urged Congress to do. Both Houses are expected to vote on the conference agreement this week.

To view the conference report in its entirety, [please click here](#).

### Fiscal Year (FY) 2018 Appropriations Bill

Congress continues to work on the FY 2018 Appropriations bills. The current continuing resolution (CR) expires on Friday, December 22, and it is likely that Congress will pass another CR funding federal programs into mid-January. Negotiators in both Houses continue to work on a broad two-year budget agreement that would increase spending caps for both defense and domestic discretionary programs, and avoid across-the-board sequestration cuts mandated under the Budget Control Act.

**American Public Transportation Association**  
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