



AMERICAN  
PUBLIC  
TRANSPORTATION  
ASSOCIATION

November 10, 2017

The Honorable Orrin Hatch  
Chairman  
Senate Committee on Finance  
Washington, DC 20510

The Honorable Ron Wyden  
Ranking Member  
Senate Committee on Finance  
Washington, DC 20510

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Richard A. White

Dear Chairman Hatch and Ranking Member Wyden:

On behalf of the American Public Transportation Association (APTA) and its more than 1,500 member organizations, we write to convey our significant concerns with the Chairman's Mark of the "Tax Cuts and Jobs Act." Although we certainly appreciate the momentous challenge you face in reforming the tax code, the bill fails to address several of APTA's key priorities.

While we are grateful that, unlike the House proposal, the Chairman's Mark appears to maintain Private Activity Bonds, we are disappointed that the legislation would eliminate or significantly alter important provisions of the tax code that serve the national interest and provide substantial tax benefits to all Americans. As the legislative process continues, we respectfully urge the committee to address the following issues:

**Highway Trust Fund**

This legislation represents a missed opportunity to do something meaningful and immediate to address our long-term transportation infrastructure challenges. With Congress facing the dual challenges of the impending Highway Trust Fund insolvency while also developing a significant new infrastructure initiative, the time to act is now. A predictable, long-term federal commitment to surface transportation investment is essential to the nation's economic growth and international competitiveness. This tax bill represents the best and most realistic opportunity to accomplish this goal.

**Commuter Tax Benefit**

Current law treats the cost of commuting to work on public transportation as a tax-free fringe benefit that can be provided by an employer or utilized as a pretax payroll deduction. Supporting an employee's commute to work provides substantial savings to both the employer and the employee. In many regions of the country, transportation costs are the second highest household expense.

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APTA strongly supports both the pretax option and the employer deduction for these expenses. Unfortunately, the Chairman's Mark appears to eliminate an employer's ability to deduct these expenses. This would be a disincentive for employers to provide this critical benefit that helps defray costs for working families.

### **Alternative Fuels Benefits**

Unfortunately, this legislation does not extend the alternative fuels and related infrastructure tax credits that expired on December 31, 2016. A permanent extension would support the long-term energy security of our nation and provide certainty for small, medium, and large-sized transit agencies across the country. In particular, our transit agencies benefit from the \$0.50 per gasoline gallon equivalent (GGE) tax credit offered to transit agencies fueling their vehicles with compressed (CNG) or liquefied (LNG) natural gas. Failure to renew these credits will discourage future investment in CNG and LNG fleets and associated infrastructure. APTA also supports the inclusion of electric and hybrid electric vehicles within eligible uses, and urges the Committee to reconsider extending and expanding these important tax credits.

### **Advance Refundability of Municipal Bonds**

APTA is also disappointed that this legislation would eliminate the ability to advance refund municipal bonds, which are an important infrastructure financing mechanism. The ability to take advantage of lower interest rates for a one-time refinance is a significant factor in the attractiveness and utility of municipal bonds, and its repeal would only disincentivize their use. This provision is particularly surprising as Congress and the Administration develop a new infrastructure initiative focused on attracting private-sector investment and encouraging public-private partnerships. Removing the ability to advance refund municipal bonds undermines Congress' stated goal of leveraging a \$1 trillion investment in our nation's infrastructure. Instead, this provision would have a chilling effect on private sector investments in infrastructure projects.

In conclusion, we urge Congress to use this once-in-a-generation opportunity to reform the tax code to encourage greater investment in our nation's infrastructure, not discourage it. Addressing the state of good repair backlog for surface transportation infrastructure, which is currently \$90 billion and growing for public transportation alone, will require dramatic and bold action to dedicate new revenues to the Highway Trust Fund. As introduced, the Chairman's Mark does not address this fundamental and critical issue for our industry or our country. We look forward to working with Congress on this and other issues as you continue to develop this most significant piece of legislation.

Sincerely,



Richard A. White  
Acting President & CEO

Cc: The Members of the Senate Committee on Finance