Association of
Metropolitan
Planning
Organizations

December 4, 2017

The Honorable Orrin Hatch
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510-620

The Honorable Ron Wyden
Ranking Democrat
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510-6200

The Honorable Kevin Brady
Chairman
House Ways & Means Committee
1102 Longworth HOB
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Democrat
House Ways & Means Committee
1139E Longworth HOB
Washington, D.C. 20515

Dear Chairman Hatch, Chairman Brady, Ranking Democrat Wyden and Ranking Democrat Neal:

The Association of Metropolitan Planning Organizations (AMPO) is writing regarding some of the transportation related tax provisions in the House and Senate versions of the Tax Cuts and Jobs Act, as well as what is not in either bill. Thank you for this opportunity to express our views.

AMPO represents metropolitan planning organizations across the country tasked, under federal law, with developing a 20-year long-range transportation plan as well as a transportation improvement program that determines where to invest the limited federal transportation resources. In conjunction with our partners at State DOTs, transit agencies, and the numerous other transportation stakeholders in metropolitan areas we are very concerned that tax reform will repeal provisions under the tax code that have been used to construct transportation projects across the nation. These financing tools are part of the toolbox that transportation providers use to construct transportation projects. At a time when Congress has repeatedly talked about jobs and economic development, now is not the time to remove financing tools that lead to both.

Specifically, we oppose the repeal of advance refunding bonds, the repeal of the authority to issue Private Activity Bonds, repeal of the deductibility for employers of all transportation fringe benefits, elimination of alternative fuels tax credit extension, and the repeal of the tax exclusion for employees of bicycle commute cost reimbursement from employers.

Regarding advance refunding of bonds, a member of ours is currently planning to refund in advance approximately $219.4 million of its outstanding bonds, which is expected to result in a saving of approximately $40.7 million in gross debt service over the life of the bonds. Those savings equate to additional cash flow that will be reinvested in additional transportation infrastructure projects.

The alternative fuels tax credit is important for transit agencies that use compressed natural gas (CNG) or other alternative fuels. As an example, the loss of this tax credit for a transit system operating 400 fixed-route CNG vehicles would be over $3 million annually. For perspective, an impact of $3 million would translate to 50,000 service hours that can carry about 1.8 million passenger boardings.

Lastly, we would like to comment that HR 1 does not include a provision to keep the Highway Trust Fund (HTF) solvent for a period of time that would allow Congress to work towards a more permanent and reliable method of collecting the federal share of transportation projects. We fully support a continued role for the federal partnership in our nation's transportation infrastructure. As you know, the HTF will be unable to meet commitments past 2020, the last year of the FAST Act. According to the January 2017 baseline of the Congressional Budget Office, HTF spending is estimated to exceed receipts by about $17 billion in FY 2021, growing to about $24 billion by FY 2027. Furthermore, the HTF is expected to experience a significant cash shortfall in FY 2021, since it cannot incur a negative balance. Again, tax reform provides an opportunity for Congress to solve this serious transportation investment problem well in advance of the next transportation authorization. Not resolving this issue simply "kicks the can down the road" and will lead to job uncertainty and be a missed opportunity to generate the economic activity that accompanies investments in highway and transit investments.

Again, thank you for the opportunity to express the views of our members. We look forward to providing any assistance to you and your colleagues develop tax reform legislation this year.

Sincerely,

Executive Director
Association of Metropolitan Planning Organizations

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