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ASSOCIATION

March 9, 2017

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The Honorable Orrin Hatch  
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The Honorable Kevin Brady  
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House Committee on Ways  
and Means  
Washington, DC 20515

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

The Honorable Richard Neal  
Ranking Member  
House Committee on Ways  
and Means  
Washington, DC 20515

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

On behalf of the American Public Transportation Association (APTA) and its more than 1,500 member organizations, we appreciate the opportunity to express our priorities and concerns as your committee considers legislation to reform our nation's tax code. While there has been much discussion about eliminating tax deductions and incentives in the tax code, we believe that the following provisions serve the national interest and provide substantial benefits to Americans. We also believe that Congress must take bold action to increase dedicated revenues to the Highway Trust Fund (HTF). Transportation planners need long-term certainty to efficiently address the \$90 billion state of good repair backlog for public transportation infrastructure and additional new capacity funding needs to meet growing demands on our increasingly strained national transportation network.

## **Municipal Bonds**

First, we urge Congress to fully preserve the long-established provisions of federal law that ensure interest earned on municipal bonds continues to be exempt from federal taxation. Between 2003 and 2012, counties, localities, states and state/local authorities financed \$3.2 trillion in infrastructure investment through tax-exempt municipal bonds. This is a vital tool for state and local government public transportation projects and is a cost-effective way to attract private investment in public transportation projects. Congress should not consider changes that will raise the borrowing costs and reduce the capacity of municipal bond issuers to fund projects that are crucial for our transportation network and the economy.

## **Commuter Tax Benefit**

We urge you to preserve the current transit commuter tax benefit provided to U.S. employers and their employees who use transit. The 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 to support an employee's commute to work, providing substantial savings to both the employer and the employee.

APTA strongly supported legislation in 2015 that made parity between the transit commuter benefit and the parking benefit permanent. Congress should not reverse course and eliminate this valuable tax benefit for the millions of American workers who rely on it to reduce transportation expenses, which is often a household's second largest expense. Congress should also support the transit benefit to reduce traffic congestion and harmful emissions, as well as provide employers a payroll tax deduction and a valuable employee recruitment and retention tool.

## **Alternative Fuels Benefits**

We request that Congress permanently extend the federal tax credits for alternative fuels and related infrastructure 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 that benefit from these tax credits, especially, 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 the eligible uses of this tax credit.

## **Highway Trust Fund**

Finally, and most importantly, Congress should seize the opportunity to address the long-term solvency of the Highway Trust Fund in a tax reform bill. It has been more than two decades since Congress last raised the federal fuel taxes that primarily support the HTF, and the purchasing

power of this revenue has decreased by nearly 40 percent over that time. With transit ridership growing at a higher rate than both population and vehicle miles travelled since 2004, it is more important than ever to ensure sufficient funding to give transit systems the ability to meet the increasing demand for quality service. Simply put, a predictable, long-term federal commitment to surface transportation investment is essential to the nation's economic growth and international competitiveness.

### **Conclusion**

We look forward to working with Congress to support legislation that will benefit the U.S. economy and our international competitiveness through public transportation investment. For every \$1 billion invested in public transportation, 50,000 jobs are created. Of this federal capital investment, more than 70 percent will flow through to the private sector, supporting private employment nationwide. Clearly, increased investment in public transportation infrastructure is part of a pro-growth agenda, and we encourage you to support tax provisions that your constituents and local businesses rely on. Thank you for your attention to these important matters.

Sincerely,



Richard A. White  
Acting President and CEO