November 15, 2017

Honorable Kevin McCarthy
Majority Leader
United States House of Representatives
Washington, DC 20515

Dear Mr. Leader:

On behalf of the Los Angeles Area Chamber of Commerce and our 1,600 member organizations, representing over 650,000 employees throughout the Southern California region, I write to share our thoughts on H.R. 1, the Tax Cuts and Jobs Act.

We greatly appreciate Congress taking up the concept of tax reform to grow businesses, create jobs and stimulate the economy. We applaud efforts to cut the corporate tax rate so that U.S. businesses are more competitive and have additional resources to invest back into growing their companies, hiring more workers and purchasing more goods. The Chamber also supports addressing the confusion and complexity for taxpayers who are subject to the Alternative Minimum Tax (AMT).

We also have major concerns and points of opposition to H.R. 1. As an organization whose mission is to champion economic prosperity for the Los Angeles region and the state, there are provisions in H.R. 1 that would damage the economy of California, our taxpayers and our prospects for future growth. Our opposition includes the elimination of the following deductions:

- State and local tax deduction (SALT) - California taxpayers pay more in federal income taxes than any state in the country, while consistently in the bottom 10 percent of states for federal funding on a per capita basis. Eliminating SALT deductions would severely increase this imbalance and cause taxpayers who are negatively impacted to move to other states.

- Private activity bond (PAB) tax-exempt status - Our state is facing a severe housing and affordability crisis. Eliminating the tax-exempt status of PABs would remove a major source of private capital to build affordable homes. Our state stands to lose the production of 200,000 units over the next decade if this provision remains. Additionally, PABs are a key source of funding for vital transportation and goods movement infrastructure improvements to drive our economy. Los Angeles International Airport alone would face over half a billion dollars in increased finance costs.

- Student interest loan deduction - College loans are essential for many students. The loss of this deduction will make college more expensive for a substantial number of American students and their families, and create additional debt for young adults in the early stages of their careers.

- Medical expense deduction - Under current law, individuals with qualified medical expenses that exceed 10 percent of their adjusted gross income are eligible for this deduction. Eliminating this deduction will cause many Americans with permanent disabilities, seniors on fixed incomes and children with chronic conditions to transition to health care that is totally publically funded.
The Los Angeles Area Chamber of Commerce believes in the value of pro-growth tax reform that creates an atmosphere where business can flourish and invest in our economy and workforce. We also believe however, that reform should not have a negative impact on housing construction, infrastructure improvements and college affordability, or create reasons to change one’s state of residence or eliminate essential health care. We urge you to alter the above provisions to benefit the citizens of California and before taking action on H.R. 1.

Sincerely,

Gary Toebben
President & CEO

Cc:
Congressmember Steve Knight, CA-25
Congressmember Julia Brownley, CA-26
Congressmember Judy Chu, CA-27
Congressmember Adam Schiff, CA-28
Congressmember Tony Cardenas, CA-29
Congressmember Brad Sherman, CA-30
Congressmember Pete Aguilar, CA-31
Congressmember Grace Napolitano, CA-32
Congressmember Ted Lieu, CA-33
Congressmember Jimmy Gomez, CA-34
Congressmember Norma Torres, CA-35
Congressmember Karen Bass, CA-37
Congressmember Linda Sanchez, CA-38
Congressmember Lucille Roybal-Allard, CA-40
Congressmember Maxine Waters, CA-43
Congressmember Nanette Barragan, CA-44
Congressmember Alan Lowenthal, CA-47