November 28, 2017

Honorable Dianne Feinstein  
United States Senate  
331 Hart Senate Office Building  
Washington, DC 20510

Honorable Kamala Harris  
United States Senate  
112 Hart Senate Office Building  
Washington, DC 20510

Dear Senators Feinstein and Harris:

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 the Senate tax reform bill currently under consideration.

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 the effort to provide relief to small businesses, which are the backbone of our economy.

We also have major concerns and points of opposition to the current draft. As an organization whose mission is to champion economic prosperity for the Los Angeles region and the state, there are provisions in the Senate bill that would damage the economy of California, our taxpayers and our prospects for future growth.

Our opposition includes the elimination of the 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.

We also believe that the elimination of ACA coverage mandate will result in escalating premiums for participants in the ACA insurance pools and for the employers who provide private health insurance coverage for their employees.

The Senate bill does maintain a number of deductions that the House’s H.R. 1 eliminates. We urge you to advocate that the conference committee maintain these exemptions when reconciling the House and Senate bills:

- Tax-exempt status of private activity bonds (PABs). Our state is facing a severe housing and affordability crisis and eliminating the tax-exempt status of PABs would remove a major source of private capital to build affordable homes. Additionally, PABs are a key source of funding for vital transportation and goods movement infrastructure improvements to drive our economy.
• 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.

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 that reform should not have a negative impact on housing construction, infrastructure improvements, college affordability and health insurance. It should also not create reasons for Californians to change their state of residence. We urge you to alter the above provisions to benefit the citizens of California before taking action on the Senate tax reform bill.

Sincerely,

[Signature]

Gary Toebben
President & CEO