December 11, 2017

Honorable Kevin Brady
Ways and Means Committee
United States House of Representatives
Washington, DC 20515

Dear Chairman Brady:

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 tax reform legislation your conference committee is working to reconcile.

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.

As you work to resolve the differences between the House and Senate bills, we urge you to follow the Senate’s approach on the following:

- 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. The House bill eliminates this vital tool.
- Qualified tuition benefits for graduate students: The House-passed bill would repeal qualified tuition benefits for graduate students, which would have a devastating impact on thousands of graduate students across the country and irreparably harm the research enterprise of American universities. Taxing tuition benefits for graduate students would make it much harder for low-income and middle-class students to access a tertiary education and significantly undercut American innovation at a time when we should be encouraging more students - not fewer - to pursue advanced degrees.

Both the House and the Senate bills would eliminate state and local tax deductions (SALT) and damage the economy of California, our taxpayers and our prospects for future growth. California taxpayers pay more in federal income taxes than any state in the country, while we are 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.
These three reforms: the elimination of private activity bonds, the taxation of tuition benefits for graduate students and the inability to deduct state and local taxes will have a negative impact on talent recruitment, housing construction, infrastructure improvements and college affordability. We urge you to draft a final product that is pro-housing, infrastructure and higher education.

Sincerely,

Gary Toebben
President & CEO

Cc:
Senator Orrin Hatch
Senator Mike Enzi
Senator Lisa Murkowski
Senator John Cornyn
Senator John Thune
Senator Rob Portman
Senator Tim Scott
Senator Pat Toomey
Senator Ron Wyden
Senator Bernie Sanders
Senator Patty Murray
Senator Maria Cantwell
Senator Debbie Stabenow
Senator Robert Menendez
Senator Tom Carper
Congressmember Devin Nunes
Congressmember Peter Roskam
Congressmember Diane Black
Congressmember Kristi Noem
Congressmember Fred Upton
Congressmember John Shimkus
Congressmember Rob Bishop
Congressmember Don Young
Congressmember Richard Neal
Congressmember Sander Levin
Congressmember Lloyd Doggett
Congressmember Kathy Castor
Congressmember Raul Grijalva