December 11, 2017

Hon. Kevin Brady
Chairman
House Ways and Means Committee
1102 Longworth HOB
Washington D.C. 20515

Dear Chairman Brady,

Thank you for the opportunity to share my recommendations for the Conference Report relating to H.R. 1, the GOP tax bill. I am honored to serve as a “conferee” as a representative of the Energy and Commerce Committee, the Democratic Caucus and my home State of Florida. The tax bill fails to ensure fairness and economic growth for America in the long term. It is unfair and unwise to raise taxes on millions of middle class families while providing huge, permanent tax cuts to big corporations and the super rich, especially while exploding the national debt by at least $1 trillion. Yet, in an effort to provide some improvement to the GOP tax framework as it is presently drafted (tax framework), I respectfully suggest the following:

Education: Keep the Graduate Tuition Waiver, Student Loan Interest Deduction, Teacher Deductions and Lifetime Learning Credit

Some of the most harmful changes in the tax framework are the ones targeting students, teachers and higher education for tax increases in the House bill. America’s long-standing and robust commitment to our public schools, colleges and universities is the envy of the world and the linchpin to our economic success. Together, we should improve access to a high quality, affordable education and to the skills needed for a competitive workforce. The House bill does the opposite.

Parents, students, teachers, educators, colleges and universities are united in their opposition to new taxes on graduate tuition, student loans, teacher supplies and related education expenses. For example, students at the University of South Florida, University of Florida and Florida State University have relayed to me their strong opposition to the tax framework. Graduate students nationwide staged a "day of action" in opposition to the House bill because graduate tuition waivers will now be treated as taxable income and thereby impose huge financial burdens on many of the 145,000 graduate students who research and teach.
The House bill eliminates the tax deduction for student loan interest, which allows people repaying student loans to cut their tax burden. Current law allows student loan borrowers who make up to $65,000 and married couples who make up to $130,000 to lower their taxable income by $2,500. More than 570,000 Floridians use the Student Loan Interest Deduction to help make education more affordable. If Republicans intend to make college more expensive for students and families, the approach in the tax framework is how you do it.

The House bill also needlessly takes aim at hardworking teachers. According to a 2013 study, teachers spend an average of about $500 out of pocket on school supplies per year. Currently the tax code allows teachers to get a small tax break by deducting up to $250 on what they have spent on school supplies. This credit is available to any K-12 teacher, instructor, counselor, principal or aide who purchases supplies, software or equipment to be used in the classroom. Under the House GOP tax framework, that deduction would disappear for teachers. This impacts students and parents, who rely on these supplies and equipment, as well. Schools that have had to cut back on classroom supplies that were provided without question a generation ago will now have even less.

Therefore, the Senate position on all of these issues should prevail.

**Energy: Broaden Clean Energy Tax Credits; Don’t Raid the Strategic Petroleum Reserve**

House and Senate Republicans missed an opportunity to develop a bipartisan and fair tax reform bill that boosts wages, creates jobs, builds resilient infrastructure and keeps jobs from moving overseas. As the Vice-Ranking Member of the House Energy and Commerce Committee, I understand the important responsibility we share to protect and grow our nation’s energy portfolio and infrastructure. A far-sighted tax reform bill would boost the growing clean energy sector and related jobs rather than give all benefits to fossil fuel interests, which will prove very costly. I strongly urge you to expand tax credits for solar, wind and renewable energy, and the equity financing mechanisms that pay great dividends for Americans, the air we breathe and our efforts to reduce carbon pollution. I also urge you to keep tax credits for electric vehicles. The costs of the changing climate are a growing burden on local communities, and on American families and businesses, especially in Florida where costs are already increasing for property insurance, flood insurance, extreme weather events, air conditioning bills, beach renourishment and more. Tax policy should help us tackle the challenges of the changing climate, accelerate job-creation in the clean energy sector in America and broaden our energy portfolio, not work against our interests.

The Senate tax bill raids the Strategic Petroleum Reserve (SPR) to help fund the tax giveaway to the super rich and corporations. This is unwise and unnecessary. The SPR is the world’s largest stockpile of emergency crude oil, and is located near the largest U.S. refineries and pipeline networks in four large salt caverns in Louisiana and Texas. It was established in December 1975 in the wake of the oil embargo imposed on the United States by members of the Organization of the Petroleum Exporting Countries (OPEC). The SPR is an over 40-year-old national security asset designed to protect the interest of the United States from market volatility and supply disruptions, not an account to lower corporate tax rates and taxes on the wealthy.
The GOP tax framework employs none of the lessons learned from the worst hurricane season in history. Clearly, America needs a healthy SPR in place for national security contingencies and natural disasters. Plus, America’s energy infrastructure is in need of modernization, yet it is difficult to point to any policy in either of the tax bills that would direct efforts toward that end. To the contrary, the debt-exploding tax framework will crowd out future investments in our sagging infrastructure, job creation, energy modernization and resilience. The GOP also misses an opportunity to tackle increasing carbon pollution and the rising costs to consumers from the changing climate and extreme weather events. Finally, the new oil drilling allowed in the bill in the Arctic National Wildlife Refuge will harm Americans dearly when it comes to climate costs. America can grow our energy portfolio without subsidizing costly and dirty drilling in the Arctic or in the Gulf of Mexico.

It also is short-sighted to allow “carve outs” that benefit already extremely-profitable oil companies (see Senator Cornyn’s amendment in the Managers amendment) and not promote more efficient and cost-effective renewable energy. The Cornyn amendment, which will benefit a handful of oil companies, would allow qualified income from publicly traded partnerships to be eligible for a 23 percent pass-through deduction. The provision gives preference to private equity and income gained through publicly traded energy companies. These entities would be given further advantage as special pass-through businesses.

Health Care: Keep Medical Expense Deduction and Lower Health Care Costs

The Republican tax framework raises health care costs for all Americans. I urge the conferees to avoid a double-whammy on hardworking Americans though the GOP’s elimination of the medical expense deduction and the individual mandate. I have heard from families and seniors on edge, as Republicans continue to target those who rely on Medicare and Medicaid for major cuts after the passage of the GOP tax framework.

The GOP elimination of the medical expense deduction hurts Floridians more than most as over 635,000 Floridians claim this deduction, which is the second highest in the country. This deduction is typically claimed when an individual or family is facing high costs from Alzheimer’s, cancer, a special needs child, a premature birth or other serious medical issue. Eliminating this deduction will hit our seniors and hardworking neighbors making below $50,000 particularly hard. That is why a number of advocacy organizations like the AARP, American Cancer Society Cancer Action Network, Paralyzed Veterans of America and many more opposed stripping this vital protection to ensure so many of our neighbors do not go bankrupt just because they are sick.

I also strongly urge you to reject the Senate-proposed destruction of the Affordable Care Act through repeal of the individual mandate. Doing so will cause spikes in health premiums for all Americans and cause 13 million Americans to lose insurance. Doctors, hospitals and healthcare experts – including the American Medical Association, the American Hospital Association, the American Academy of Family Physicians, America’s Health Insurance Plans, BlueCross BlueShield Association and the Federation of American Hospitals – are warning that repealing the individual mandate would be disastrous for the American people. About 1.7 million Floridians were able to get quality affordable health insurance through
the HealthCare.gov Marketplace for 2017, and this year – even with Republican sabotage efforts – enrollment is outpacing prior years. Instead, I urge you to join me in doing the bipartisan work necessary to lower costs and boost coverage.

Strong Local Communities: Keep Affordable Housing, Historic and New Market Tax Credits; Private Activity Bonds; Deduction for Property/Casualty losses and a Meaningful Charitable Deduction

Communities across America, including the Tampa Bay area, are in the midst of significant redevelopment and housing efforts that are aided by a host of tax credits. For example, in my community alone the Housing Finance Authority of Hillsborough County (HFA) has financed more than 5,000 units of rental housing in the City of Tampa and Hillsborough County with affordable housing tax credits. These units – apartments and senior housing – give families and our senior neighbors a place to live that they can afford. The GOP tax framework must not end this vital work.

The New Market Tax Credit (NMTC) revitalizes communities and puts people to work, and should be retained. According to the Joint Committee on Taxation in 2015, the NMTC generated $15.2 billion in economic activity, and this activity generated $872 million in federal tax revenue, more than enough cover the $759 million annual cost of the program. In Tampa Bay, Metropolitan Ministries, through NMTC, redeveloped two city blocks creating one of the largest multi-purpose facilities in Florida for feeding, serving, training and educating homeless individuals, families and children. Metropolitan Ministries, with the help of the NMTC redeveloped a blighted area of the city and set the standard of care in finding solutions for homeless persons in Florida.

I strongly oppose the GOP elimination of Private Activity Bonds (PABs) that help local communities invest in infrastructure and keep costs low for taxpayers. For example, Tampa International Airport is a main driver for our local economy and its recent expansion has been financed through Private Activity Bonds. According to the Tampa International Airport, if PABs are eliminated, the previous plans to bond a $683 million dollar project will cost an additional $263 million. Other important initiatives include financing of YMCAs, hospitals, universities and other critical community assets. Investment in infrastructure drives local economies. You should not stymie this growth and the tax framework should not in essence raise taxes on local taxpayers through elimination of such bonds and tax credits.

Charitable giving is the backbone of local nonprofit agencies that make our lives better and lift our communities where government cannot. Such giving has long been utilized by Americans in every tax bracket and continues to be distributed along all tax brackets, not just the super rich. Americans help those less fortunate. It is what we as Americans do and how so many religious and nonprofit institutions survive. According to the Indiana University’s School of Philanthropy, 31 million taxpayers who currently claim the deduction will not be able to claim future giving. This translates into a loss of $13 billion in private donations to charities nationwide - a five percent decrease in overall giving - that will be concentrated in faith-based, basic needs and disaster relief charities, which rely on gifts from middle class donors. In Florida, 1.8 million donors claimed the charitable deduction in 2015, accounting for $13 billion. A five
percent loss would mean $651 million less to fund private food banks, homeless and domestic violence shelters, child care, job training and much more. It is in our best interest to continue to incentivize this giving across the board, to keep our communities connected and to help those in need.

Finally, since the inception of Historic Preservation tax credits, $117 billion has been leveraged in private investment and 2.3 million jobs have been created. In my community, historic preservation projects have renovated buildings as small as a few thousand square feet and the huge renovation of Tampa’s former Federal Courthouse. Large or small, these projects often provide new homes for owner-operated small businesses. The GOP’s plan to end this option will rob our communities of their history and their path back to productivity. I urge you to keep this and the community-based tax credits and deductions that serve to lift our communities.

Thank you for the opportunity to share some of my most serious concerns with the GOP tax framework. It would be better to start over and return to the drawing board because the framework is riddled with special carve outs and uneven treatment. The GOP tax framework shows that for many of my colleagues, the hard-earned wages of everyday Americans are not as highly valued as investment income or corporate profits. Such policy changes will eat away at the middle class, and therefore America’s economic strength. Such significant changes in tax policy deserved true input from citizens, experts and policymakers of all stripes. I urge you not to rush this through! Adding over $1 trillion to the national debt will weaken our great country. Instead, let us work together on true tax reform that benefits hardworking Americans and addresses America’s modern challenges. In the meantime, if you choose to press ahead, I urge you to accept my recommendations. Thank you. If you have any questions or comments, please do not hesitate to contact me or my Senior Legislative Assistant, Kevin Karpay at 202-225-3376.

Sincerely,

Kathy Castor
U.S. Representative
Florida – District 14