

November 27, 2017

Senator Mitch McConnell  
Majority Leader  
U.S. Senate  
S-230, The Capitol  
Washington, DC 20510

Senator Charles Schumer  
Democratic Leader  
U.S. Senate  
S-221, The Capitol  
Washington, DC 20510

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Dear Leaders McConnell and Schumer:

As currently drafted, the American Society of Civil Engineers (ASCE) cannot support the Senate or House versions of the tax cut legislation. We are concerned that Congress has missed a once-in-a-generation opportunity to address the nation's infrastructure investment gap. Unfortunately, both bills include provisions that would hurt infrastructure financing by not addressing Highway Trust Fund solvency, and eliminating financing tools for all infrastructure; limiting educational opportunities by taxing education benefits, and hurting job creation by taxing some small businesses differently.

As this process moves forward, ASCE urges the Senate to include a permanent solution to the Highway Trust Fund's (HTF) revenue deficit. Such a solution would both enhance the package's economic growth objectives and its likelihood of enactment. Infrastructure is the backbone of this country. ASCE's *2017 Infrastructure Report Card* gave the nation's infrastructure a grade of "D+." A strong surface transportation network is critical to the economic success of our country. While recent laws authorizing federal surface transportation programs have greatly improved the effectiveness and efficiency of these programs, Congress has not found a long-term solution to addressing the future solvency of the federal HTF and has relied on general fund transfers and other offsets from federal resources unrelated to the surface transportation programs.

We have the following concerns with the current versions of the tax cut legislation. Regarding **infrastructure**, we oppose the elimination of financing tools used by state and local governments and other entities to improve infrastructure such as the advance refundings of municipal bonds and the use of private activity bonds (PABs). Cities and towns face a major challenge over the next several decades replacing aging infrastructure, and both municipal and private activity bonds are a critical financing tool in this effort. The termination of these financing tools would effectively eliminate billions of dollars needed to close the nation's \$2 trillion infrastructure funding gap.

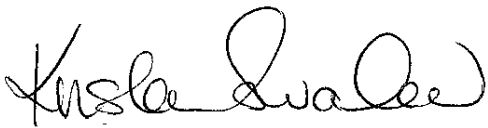
Regarding **education**, we oppose the elimination of tax exemptions that support higher education including Section 127 tax-benefits for employer-provided education assistance, tax-free tuition-waivers for students, tax deductions for student loan interest, and taxes on investments earned by colleges and universities. A well-trained engineering workforce is closely linked with our nation's economic prosperity, social well-being, and environmental sustainability. The civil engineering profession is only able to meet our infrastructure needs through strong, affordable, and accessible educational opportunities. Our tax code must support students and engineers as well as bolster government-university partnerships in order to make education accessible and our economy stronger.

Regarding **job creation**, we oppose tax rules that treat professional service corporations such as engineering firms differently than other businesses. Our Nation's engineering industry ranges from very small firms to large companies and represent a variety of business structure including C corporations, pass-through entities, limited liability companies, and sole proprietorships. Current tax proposals contain language that would exclude professional service firms from the lower rate, which means that partners in an engineering pass-through firm would be forced to pay the higher individual tax rate on all their income, while partners of a pass-through firm in another industry would get the lower rate. These provisions would place some engineering firms at a competitive disadvantage, restricting their ability to expand and create jobs.

Congress should not squander the opportunity found in the tax debate to address the Nation's need to invest in our infrastructure. Nor should Congress inhibit our ability to finance infrastructure projects, educate and develop the workforce, and create jobs.

Thank you for your consideration, and we look forward to working with you on these critically important issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristina Swallow". The signature is fluid and cursive, with the first name "Kristina" and last name "Swallow" clearly distinguishable.

Kristina L. Swallow, P.E., ENV SP, F.ASCE  
2018 ASCE President