



## HIGHWAY MATERIALS GROUP

ACAA · ACPA · ATSSA · AED · AEM · CRSI · NAPA · NRMCA · NSSGA · PCA · PCI

December 12, 2017

Dear Conference Committee Members,

The Highway Materials Group (HMG) strongly urges the Tax Cuts and Jobs Act (H.R. 1) conferees to address critical transportation infrastructure funding. The HMG is comprised of 10 national trade associations whose members provide the materials and equipment necessary to build our nation's roadways. We implore the conference committee to include **funding for the Highway Trust Fund (HTF)** and **protection of the tax-exempt status of private activity bonds (PABs)**.

**The HTF funding challenges are real and urgent.** Although it is projected to be solvent into 2020, the revenue funding the HTF is not meeting the needs of the federal-aid highway program and General Fund transfers are currently needed to make up the difference. We believe that this program should be entirely funded by user fees, and to that end, we strongly urge the conference committee to include revenues to keep the HTF solvent for the immediate future. Congress will again be tasked with reauthorizing the surface transportation bill in 2020, when more than \$100 billion of additional federal money will be necessary to enact a five-year law. The HMG believes that this tax reform package is the ideal way to address a funding issue of this significance. The longer that Congress delays addressing the Highway Trust Fund shortfall, the more that the safety, mobility and efficiency of our nation's transportation network is imperiled.

**Private activity bonds are a crucial financing tool at a time when all levels of government are struggling to meet their infrastructure needs.** PABs are the traditional means of tax exempt financing for surface transportation projects, airports, port facilities, water and wastewater facilities. Section 3601 of the House bill calls for the termination of tax-exempt private activity bonds, while the Senate bill contains no such provision. Section 3601 conflicts with the Trump administration's focus on enacting an infrastructure package next year as it directly hampers the ability of state and local governments to deploy all types of funding sources for infrastructure improvements, including private capital. Ultimately, it would raise costs for most infrastructure projects, regardless of how they are financed. The HMG strongly supports maintaining the tax-exempt status of PABs.

While the HMG is disappointed that there is not an infrastructure component to address America's significant transportation infrastructure funding needs to accompany this reform, we are generally supportive of a tax overhaul with these minor tweaks included. We look forward to working with you on this very important endeavor.

Thank you for your consideration.

Sincerely,

The Highway Materials Group