November 15, 2017

United States Congress
Washington, D.C.

Dear Member of Congress:

On behalf of the 3 million skilled craft professionals that comprise North America's Building Trades Unions (NABTU), I write to share our concerns with specific proposals included within the House and Senate tax reform bills that may have negative implications on future infrastructure investment and could have devastating impacts on the family budgets of hard working construction workers.

Private Activity Bonds

Private Activity Bonds play a critical role in raising capital at the state and local level for infrastructure projects and are vital to emerging public-private partnerships. We are wary of any changes, particularly the full repeal of private activity bonds, that could have a negative impact on the ability of state and local governments to attract private capital to meet their infrastructure needs, both current and future.

President Trump has repeatedly listed greater private investment in public infrastructure as part of his vision for a stronger, more vibrant national infrastructure policy. We are concerned that any changes that could increase the cost of capital for private investors in infrastructure would contradict this vision, which would in turn hamper job opportunities for our members and threaten economic growth in communities across the nation.

Changes to the Rehabilitation Credit

For decades, the rehabilitation credit has been utilized to revitalize historic and aging properties in communities large and small across the nation. President Reagan, in praising the credit in 1984 said, "Our historic tax credits have made the preservation of our older buildings not only a matter of respect for beauty and history, but of course for economic good sense." According to the Rutgers Center for Urban Policy Research, the credit has generated $29.8 billion in federal tax revenue for a return of $1.18 for every $1 in federal tax expenditure.

Since 1981, the credit has leveraged more than $130 billion in private investment, created more than 2.4 million jobs, and has preserved over 40,000 buildings across the nation. We are concerned that reductions and modifications to the credit as proposed by both the House and Senate bills will negatively impact the ability to attract private capital for infrastructure rehabilitation projects that communities of all sizes, both urban and rural, depend upon to strengthen their existing infrastructure, which in turn threatens the economic vitality of the nation and job opportunities for our members.

Changes to the State and Local Tax Deduction

There has been much discussion over the future of the current state and local tax deduction, including the deduction for property taxes. Whether it is a full repeal of the deductions, or a limitation of them, there is concern that changes to the deduction as it currently stands would adversely affect taxpayers from jurisdictions with high state, local, and property taxes. As such, there is concern that such jurisdictions would feel compelled to reduce investments at the local level, such as investments in infrastructure spending. We are concerned with any change to the tax code that may result in reduced infrastructure investment, and as such, believe that possible negative impacts on infrastructure investments be taken into consideration when crafting a final tax reform bill.

Tax Exempt Bonds for Stadium Construction

The construction of new, state-of-the-art athletic stadiums has proven to be a driver of economic development in cities across the country. Not only do these facilities oftentimes bring about sustained economic growth in the surrounding areas, but their construction employs thousands of highly skilled tradesmen and women. Furthermore, stadium construction has proven to be a driver of diversification in the construction industry, oftentimes targeting traditionally underrepresented workers in the construction industry, particularly women, veterans, and communities of color. We are concerned that any proposed change to the tax exemption of bonds for stadium construction may hinder economic growth and job opportunities in the skilled construction trades.

There are also provisions included in both bills that could have devastating impacts on the family budgets of hard working construction workers. A provision included in the Senate tax bill would create a "safe harbor" for deceitful employers who too often seek to undermine the wages and benefits of workers by engaging in an illegal practice of misclassifying employees as independent contractors or "1099 workers." Unscrupulous employers in the construction industry often use this practice to avoid paying a variety of taxes creating a competitive disadvantage to responsible contractors and applying downward pressure on wages and benefits industry wide. Further, we are concerned with language in both bills which either prohibit or restrict the ability of workers to deduct essential items such as: union dues, travel expenses, work clothes and uniforms, and tools and supplies used on certain projects.

We believe tax reform should be a driver for economic growth. However, we also believe that tax reform should not hinder economic growth by placing unneeded burdens on infrastructure investment, which serves as the foundation for economic growth in communities large and small, urban and rural, across the United States. Further, we do not believe that hard working construction workers should be unfairly penalized for fighting to sustain a family budget. As such, we urge you to take into consideration any possible negative impacts on infrastructure investment and the uneven impact on hard working families in our industry as the House and Senate move forward on tax reform.

Sincerely,

Sean McGarvey
President

Cc: State and Municipal Building Trades Councils of North America