

Congress of the United States
House of Representatives
Washington, DC 20515-1803

December 7, 2017

Chairman Kevin Brady
U.S. House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Brady,

As the conference committee works towards reconciling the House and Senate versions of the tax reform package, I respectfully request that you and your fellow conferees provide for the concerns of Louisiana's 3rd Congressional District:

1. Lower the Corporate Tax Rate Effective Tax Year 2018

A robust and growing economy is dependent upon comprehensive corporate tax reform and the lowering of the corporate tax rate beginning January 1, 2018.

U.S. businesses suffer some of the highest tax rates in the western world, stunting economic growth, encouraging corporate inversion, and sending jobs overseas. Louisiana greatly benefits from the growing U.S. chemical, oil, and liquid natural gas industries, but today's corporate tax rate often limits the positive local impact of these lucrative industries.

While the House version of H.R. 1 cuts tax rates to 20% effective January 1, 2018, the Senate version cuts tax rates to 20% effective January 1, 2019. To provide for maximum economic growth, it is critical that we ensure the immediate implementation of tax reforms, including the reduction of the corporate tax rate to 20%.

2. Full Repeal of the Alternative Minimum Tax

With the simplification of the U.S. tax code and the closure of often abused loopholes, it is critical that we ensure fair and equal treatment of both individual and corporate tax burdens by repealing the Alternative Minimum Tax (AMT).

Initially established to ensure Americans and businesses were paying their fair share, the AMT has a history of disproportionately affecting middle class Americans and honest businesses. With the passage of H.R. 1, the Tax Cuts and Jobs Act, the AMT will be made obsolete and unnecessary.

Although the House version of H.R. 1 fully repeals the AMT, the Senate version retains the corporate AMT and partially retains the individual AMT with a higher exemption. To ensure fair treatment under the tax code and to provide for tax liability stability, it is critical that the full repeal of the AMT be included in the final version of H.R. 1.

3. Full Repeal of the Estate Tax

The sunset of the estate tax will improve the lives of thousands of Americans trying to build a better life for their children and grandchildren.

Louisianans today are faced with double, or even triple, taxation on family assets or family owned businesses when passing down their life's work to the next generation. A full repeal of the estate tax is critical to preventing duplicative taxation effecting grieving families who must already contend with the high costs of end-of-life care and funerary services.

While the House version of H.R. 1 increases the exemption to \$10 million, indexed for inflation, and repeals the tax after six years, the Senate version simply doubles the estate tax exemption. We must provide for the full repeal of the estate tax in the final version of H.R. 1.

4. Preservation of Graduate Tuition Waivers as Non-Taxable Income

Graduate tuition waivers are not currently considered taxable income, and allow students to pursue advanced degrees with little debt while providing universities valuable researchers and educators. However, the U.S. House version of H.R. 1, the Tax Cuts and Jobs Act, treats graduate tuition waivers as taxable income.

The faculty at the University of Louisiana, Lafayette and many graduate students from my district have reached out to share their serious concerns that the treatment of these waivers as taxable income could greatly affect students' ability to pursue advanced degrees. With nearly 57% of students receiving graduate tuition waivers studying STEM fields, taxing this benefit and thereby limiting access to graduate programs could significantly hurt further energy sector innovation and expansion in Louisiana, and reduce U.S. competitiveness in math, science, and technology worldwide.

5. Preservation of Private-Activity Bonds Tax Exempt Status

Private-activity bonds are a critical tool for tax-exempt organizations to raise capital and invest in updated facilities. The House version of H.R. 1, the Tax Cuts and Jobs Act, repeals the tax-exempt status of these important bonds.

Hospitals and airports in Louisiana rely on tax exempt private-activity bonds to provide necessary health care and transportation services to rural communities, and the repeal of the tax-exempt status could result in significant repercussions for their local economies. Private-activity bonds in their current form must be preserved under H.R. 1 to ensure the continued access to much-needed services for all Americans.

6. Reduction of the Federal Excise Tax for Craft Distillers

The current federal excise tax (FET) unfairly targets craft distillers, which do not receive a reduced FET dispute their smaller size. The reduction of the FET as proposed in the Senate version of H.R. 1, the Tax Cuts and Jobs Act, would model the beer and wine tax code, which has a two-tiered FET rate based on size.

In my district, small, locally-owned distilleries that use U.S. sugar shoulder a significantly higher tax burden than large, international corporations. A reduction in FET will cost little to the government but will produce immediate job and investment results for the surrounding communities. To support small businesses, local products, and American jobs, we must reduce the FET burden for craft distillers, beer, and wine.

7. Preservation of the Historic Tax Credit

The historic tax credit (HTC) provides important assistance to cities and towns in Louisiana working to preserve historic buildings, revitalize economic centers, and create good-paying jobs. The Senate version of H.R. 1, the Tax Cuts and Jobs Act, would discourage the redevelopment and revitalization of small towns across America.

Strategic investments have received \$25.2 billion in tax credits over nearly four decades, but these same investments have produced \$29.8 billion in federal tax receipts – a return of more than \$1.20 for every dollar credited. In Louisiana, these credits and the resulting investments have allowed for the redevelopment of main street businesses and residential and low-income housing. To ensure the continued revitalization of American towns and cities, we must preserve the HTC.

Thank you for your consideration of the inclusion of the above provisions in the final version of H.R. 1, the Tax Cuts and Jobs Act. I greatly appreciate your work to provide our nation desperately needed tax reforms.

Sincerely,



Clay Higgins
MEMBER OF CONGRESS