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November 14, 2017

The Honorable Orrin G. Hatch
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Re: *The Chairman's Mark of Tax Cuts and Jobs Act*

Dear Chairman Hatch and Ranking Member Wyden:

The National School Boards Association (NSBA), representing more than 90,000 local school board members across the nation, working with and through our state associations, acknowledges the work of the Committee to modernize the federal tax code. However, NSBA writes to oppose *The Tax Cuts and Jobs Act* (TCJA) based on several provisions that would adversely impact a number of priorities for our nation's public school students and districts.

As a matter of national priority, NSBA urges you to champion reforms that invest in public schools to help prepare every student for college and career in a global competitive economy, and to reject measures that would divert taxpayer-funded resources away from public education to private K-12 institutions.

Educational Choice: NSBA opposes redirecting public resources to private and religious schools through tax credits; and, instead encourages the Senate to support the [range of choices](#) that are currently offered by our nation's public school districts. Educational opportunities that are made available through magnet schools, charter schools, and other means currently available to parents that are authorized by local school boards are an important investment in the ability to prepare every student to reach their greatest learning potential. Public specialty schools, such as those offering specialized curricula for science, technology, engineering, the arts, and mathematics (STEAM) must be supported rather than decimated by vouchers, tax credits, and tax subsidies that direct taxpayer dollars to private and religious schools. Furthermore, the Senate must be aware that [eighty-seven percent of our nation's school-aged children attend public schools](#) and parents overwhelmingly support their neighborhood schools according to recent national polls.ⁱ

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State and Local Tax Deductibility (SALT): NSBA is deeply concerned that the tax reform proposal would eliminate the longstanding SALT deduction. **We urge your bipartisan leadership to strengthen state and local efforts to fund public education and retain full deductibility of state and local taxes.** As revenues from SALT are the major source of investments in our nation's students and public school districts, provisions to eliminate or limit deductibility for taxpayers would cause disruption in revenues for education and other vital public services. This proposed elimination of SALT could ultimately lead to reductions in support for education—the single largest part of state budgets.

School bonds and tax-exempt financing mechanisms: **As an important investment in school infrastructure for safe, healthy and innovative learning environments, we urge you to retain tax credit bond programs, private activity bonds and advance refunding.** School bond programs (such as Qualified Zone Academy Bonds, private activity bonds, Qualified Energy Conservation Bonds, and Clean Renewable Energy Bonds) are an essential part of community investments. They provide contracting opportunities and create jobs. The elimination of these provisions would negatively impact our school districts as well as local and regional economies. These programs are cost effective and have been used by school districts in every state to repair, build and modernize thousands of schools and classrooms and provide cost-effective energy services. Through advance refunding, school districts and other units of government can refinance outstanding bonds at lower interest rates, which provide a savings to taxpayers.

Teachers and School Leaders: **We urge you to retain the teacher tax credit.** Currently, the federal tax code allows educators to claim a \$250 above-the-line tax deduction for purchases of school supplies. The Tax Cuts and Jobs Act would reportedly eliminate this deduction, although millions of our nation's educators use their own funds to augment supplies and curriculum resources that benefit student learning and achievement.

Cadillac Tax: **While the proposed Tax Cuts and Jobs Act does not currently include provisions that address the “Cadillac Tax,” we urge you to modify conditions under which penalties may be imposed on school districts as employers for health insurance coverage that exceeds the price benchmark established by the Affordable Care Act (ACA), as there is bipartisan support to address this fiscal burden.** The Cadillac Tax would impose a real fiscal burden on many school districts that do not have the resources to pay an excise tax on health care plans for teachers and other educators. Currently, this tax is scheduled to be collected in the year 2020 and would create a hardship for districts, as it requires employers to pay a 40 percent penalty on health insurance expenditures over \$10,200 for individual coverage and \$27,500 for family coverage.

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NSBA urges your Committee to address the priorities identified above. We look forward to working with you to improve the Tax Cuts and Jobs Act as this tax reform process continues.

Sincerely,

A handwritten signature in black ink that reads "Thomas J. Gentzel". The signature is written in a cursive style with a large, stylized initial 'T'.

Thomas J. Gentzel
Executive Director and Chief Executive Officer

ⁱ NSBA Center for Public Education, *The Edifier*, [Survey says: How Americans feel about public schools and school choice](http://blog.centerforpubliceducation.org/2017/10/12/survey-says-how-americans-feel-about-public-schools-and-school-choice/), <http://blog.centerforpubliceducation.org/2017/10/12/survey-says-how-americans-feel-about-public-schools-and-school-choice/> (October 12, 2017).