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November 6, 2017

The Honorable Kevin Brady  
Chairman  
Committee on Ways and Means  
United States House of Representatives  
Washington, DC 20515

The Honorable Richard E. Neal  
Ranking Member  
Committee on Ways and Means  
United States House of Representatives  
Washington, DC 20515

Re: *The Tax Cuts and Jobs Act (H.R. 1)*

Dear Chairman Brady and Ranking Member Neal:

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 your Committee to modernize the federal tax code. *The Tax Cuts and Jobs Act (TCJA)* would impact a number of priorities for intergovernmental tax policy, including those applicable to our nation's public school students and districts.

As this Committee mark for the *Tax Cuts and Jobs Act* begins the process for tax reform, NSBA urges you to champion investments in our public school students and to reject measures that would divert resources from public education. Among our principal concerns are educational choice within our public school districts, full deductibility of state and local taxes (SALT), investments in our teachers and school leaders, and financing for school infrastructure.

**Educational Choice:** We urge you to reject the provision in Section 1202 that would expand Coverdell accounts (529 plans); and, instead support the [range of choices](#) that are currently offered by our nation's public school districts, such as magnet schools, charter schools authorized by local school boards and public specialty schools, such as those offering specialized curricula for science, technology, engineering, the arts, and mathematics (STEAM). Specifically, NSBA opposes vouchers, tax credits, and tax subsidies for use at non-public K-12 schools.

Section 1202 of H.R. 1 would expand Coverdell 529 plans to "include not more than \$10,000 in expenses for tuition incurred during the taxable year in connection with the enrollment or attendance of the beneficiary as an elementary or secondary school student at a public, private, or religious school." Although the provisions are inclusive of contributions to public schools, the fact is that this section would provide a type of tax-advantaged investment account for private school tuition.

This proposed expansion of 529 plans would drain resources from our public school districts and thereby impact innovative education programs that are helping raise student achievement. Furthermore, eighty-seven percent of our nation's school-aged children attend public schools.

*State and Local Tax Deductibility (SALT):* NSBA urges Congress to support our students, their families and communities by maintaining the longstanding SALT deduction. Moreover, we urge your bipartisan leadership for tax legislation to strengthen state and local efforts to fund public education, and to reject proposals that would negatively affect those efforts. **We urge you to 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, the bill's provisions in Section 1303 to limit deductibility to up to \$10,000 in property tax payments would cause disruption in revenues for education and other vital public services. This proposed limitation of SALT could ultimately lead to reductions in support for education—the single largest part of state budgets. According to the Government Finance Officers Association, the consequences of eliminating SALT are manifold and affect all aspects of the fabric of American society; but, will be felt harshly by public school districts across the country.

*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 the programs that H.R. 1 proposes to eliminate in Sections 3601, 3602 and 3603.** School bond programs are also 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.

Section 3603 would repeal tax credit bonds, including the Qualified Zone Academy Bond (QZAB) program that provides up to \$400 million annually in bond authority to states and school districts for school infrastructure repairs and modernization. Section 3603 would also repeal school construction bonds (QSCBs) that have supported new school facilities construction projects, as well as qualified energy conservation bonds (QECBs) and new clean renewable energy bonds (New CREBs). 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. Sections 3601 and 3602 would terminate private activity bonds and advance refunding of bonds, respectively. 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. H.R. 1 would reportedly eliminate this deduction, although millions of our nation's educators use their own funds to supplement supplies and curriculum resources that benefit student learning and achievement.

The Honorable Kevin Brady and the Honorable Richard E. Neal  
Page Three

***Cadillac Tax:* While H.R. 1 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.

NSBA urges your Committee to address the priorities identified above. We look forward to working with you to improve H.R. 1 as this tax reform process officially begins.

Sincerely,

A handwritten signature in black ink, reading "Thomas J. Gentzel". The signature is fluid and cursive, with the first name "Thomas" and last name "Gentzel" clearly legible.

Thomas J. Gentzel  
Executive Director and Chief Executive Officer