July 26, 2013

The Honorable Max Baucus	The Honorable Orrin G. Hatch
Chairman	Ranking Member
Committee on Finance	Committee on Finance
United States Senate	United States Senate
219 Dirksen Senate Office Building	219 Dirksen Senate Office Building
Washington, DC 20510	Washington, DC 20510

Dear Chairman Baucus and Ranking Member Hatch:

I appreciate the invitation to submit my views on tax reform to the Finance Committee. The letter below reflects broad Pennsylvania priorities for reform. The exclusion of provisions should not necessarily be interpreted as a preference for striking them from the tax code. I look forward to an ongoing dialogue as the Committee drafts legislation.

The goal of tax reform should be creating a fairer, more efficient code that is easier to administer and leads to economic growth. As members of the Finance Committee, we have a unique opportunity to create an internationally competitive tax system for American businesses—domestic and global, large and small—and I look forward to working with both of you to achieve this goal. For the purposes of this letter, I would like to highlight a few particular priorities for Pennsylvania's economy and residents.

First, I am interested in incentives that promote economic growth in Pennsylvania and beyond. As such, the strength of the manufacturing sector is critical. I urge you to protect incentives for domestic investment and production, including accelerated depreciation. In addition, we must continue to incentivize innovation, which benefits many key Pennsylvania industries, including the life sciences. Next, Pennsylvania is an energy state. The Commonwealth's leadership in natural gas, propane, biofuels and alternative fuels, clean coal, hydropower, nuclear, wind, biomass, waste and other renewable energies can move us toward energy independence and create jobs. The tax code has long played a role in our nation's energy policy and I will continue to support smart policies that leverage Pennsylvania's vast resources to meet our energy challenges. Lastly, the vast majority of Pennsylvania businesses file through the individual code. Given this fact, it is imperative that we proceed with business tax reform and not exclusively corporate tax reform.

Fostering financial security for Pennsylvania residents is another top priority. The tax code provides an important policy tool to create financial stability, pull Pennsylvanians out of poverty, provide healthcare and encourage savings for education and retirement. Amid the push to simplify and reform the tax code, we must preserve incentives that families count on to improve their financial outlook. I am particularly concerned with the treatment of the Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC) in any effort to reform the tax code. Therefore, I strongly urge you to improve and make permanent both credits.

Pennsylvanians understand we need to simplify our code and make it user friendly. Tax compliance costs businesses an average of $800 per employee every year—a number that almost doubles for very small firms. The growing complexity of our Nation's tax code has created real, significant costs for our economy and for the federal government. We should look for opportunities to simplify the code to increase compliance, cut down on fraud and close the tax gap, which has been estimated to be as high as $385 billion.

Lastly, tax reform must be viewed in the broader context of long-term budget sustainability. I implore the Committee to lead in the effort to find a revenue-spending cut ratio that achieves a balanced solution to our long-term budgetary challenges. I recommend that we look to the framework adopted in the Senate-passed FY 2014 Budget Resolution as a starting point.

Thank you for your consideration.

Sincerely,

Robert P. Casey, Jr.
United States Senator

Appendix A:

Promoting Growth in Pennsylvania and Beyond

Manufacturing

Manufacturing is critical to Pennsylvania's economy, employing 600,000 people across the Commonwealth. More than any other industry, the benefits of a strong manufacturing sector are spread throughout the Pennsylvania economy. According to research commissioned by the Pennsylvania Industrial Resources Centers, every $1 increase in demand for products made in Pennsylvania leads to an increase in gross value of $2.52 across all industries.

Furthermore, manufacturing jobs support the middle class. In 2008, the average annual compensation of a worker in the manufacturing sector was over $65,000. The average pay for the rest of the workforce was $10,000 less. Manufacturing also has a ripple effect throughout the economy, supporting jobs in related industries. I urge you to protect incentives for domestic manufacturing, particularly accelerated depreciation and the Section 199 deduction.

Accelerated depreciation is one of the most effective tax incentives for investment in domestic manufacturing. Some have proposed eliminating accelerated depreciation to help pay for a lower corporate tax rate. However, I believe that such an approach would be misguided and ultimately hurt the American economy. There is significant evidence that trading accelerated depreciation for lower rates would undermine capital investment and ultimately raise the effective tax rates on some of the most important job creators. We should protect the tax provisions which enhance the competitive position of American industry.

The Section 199 deduction is also critical for manufacturing in Pennsylvania. The Domestic Production Activities Deduction directly incentivizes manufacturing in the US. I believe the reformed code should continue to provide an incentive for domestic production. Overall, if changes are contemplated, we must ensure that the effective rates enjoyed by manufacturers do not increase.

Life Sciences

The life sciences industry is an essential and growing part of the Pennsylvania economy, which provides important benefits to the health and well-being of all Americans. More than 79,000 Pennsylvanians currently work in the life sciences, earning an average salary of over $90,000. These jobs are in university research programs, biotechnology laboratories, medical device manufacturers, and pharmaceutical companies. These businesses depend on tax incentives to remain competitive in the international marketplace. I am concerned that our R&D Credit has fallen behind, ranking 24th out of 38 OECD and industrialized nations according to a 2008 study. As part of tax reform, I believe that we should enhance and make the R&D Credit work better for crucial industries such as the life sciences. We should also continue to support the orphan drug tax credit, which I understand has led to over 350 orphan products being brought to market since its enactment, which greatly helps individuals living with rare disorders. Prior to the credit, only 38 products had been approved. Lastly, I strongly support efforts to repeal the medical device tax, which I believe limits innovation and job creation in a critical field.

Energy

Pennsylvania has consistently led the country in energy development from a multitude of sources, and is the fourth largest energy producing state in the country. The Commonwealth's leadership in natural gas, propane, biofuels and alternative fuels, clean coal, hydropower, nuclear, wind, biomass, waste and other renewable energies can move the U.S. toward energy independence and create jobs. I support the enactment of smart policies that leverage Pennsylvania's vast resources to meet the Nation's energy challenges.

Investments in clean energy and energy efficiency are an important part of structuring a national energy policy that keeps the price of energy affordable, while not ignoring significant issues such as dependence on sources of energy from unstable, unfriendly nations. American families must not be left behind as the nation addresses the challenge of our energy future. Pennsylvania has established itself as an industry leader through the development of clean energy sources, the reduction of emissions and conservation of natural resources, the reduction of our dependence on foreign energy and the growth of the economy. I believe that any forward-thinking energy strategy must encourage a mixture of reliable energy sources.

To this end, I urge you to consider proposals that support smart energy policy. I understand that there are a number of proposals to advance a "tech neutral" approach to energy incentives. I am open to such a proposal as long as it is broad enough to address Pennsylvania's many energy interests. That said, if the Committee instead looks to build upon our current tax incentive model, I support extending current incentives for renewable energy, such as the Production Tax Credit and Investment Tax Credit and allowing renewable energy producers to enter into master limited partnerships. I also support promoting use of alternative fuels. I introduced the S.656 NGEAR Act, which would extend tax credits for alternative fuels and refueling property and support the proposal from Senators Cantwell and Grassley to provide a biodiesel producer's tax credit. Tax reform also presents the opportunity to consider other clean technologies, such as the concept of a carbon sequestration tax credit, like that proposed by Senators Conrad, Enzi and Rockefeller.

Small Businesses
Small businesses are an essential part of the Pennsylvania economy. In 2009, small businesses comprised 98.3 percent of all Pennsylvania employers with nearly half of the Pennsylvania workforce on their payroll. In this respect Pennsylvania is not unlike the rest of the Nation. Tax policy should support small businesses as they strive to establish themselves and compete in the broader marketplace. That is why I introduced the Small Business Tax Certainty and Growth Act with Senator Collins, which would make permanent the Section 179 deduction; encourage capital investment by extending bonus depreciation and the 15-year depreciation schedule for restaurants, retail facilities and leaseholds; expand eligibility for cash-basis accounting; and permanently raise the allowable deduction for small business start-up expenses from $5,000 to $10,000. This bill would aid small businesses and provide the certainty they need to make long-term investment plans.

We must also consider the impact on small businesses as we discuss potentially lowering the corporate tax rate. The vast majority of small businesses in Pennsylvania are taxed as pass-through entities, rather than as C corporations. Yet these small businesses benefit from many of the same tax expenditures as C corporations, such as accelerated depreciation, LIFO accounting, and the domestic manufacturing deduction. Efforts to pay for a corporate rate reduction by cutting expenditures could have a detrimental impact on the effective tax rates of many small businesses. For that reason, I urge you to consider the impact on small pass-through businesses in any discussion of corporate tax reform.

Infrastructure

Pennsylvania is home to a large and diverse infrastructure network. Keeping it well maintained is a constant challenge. For example, the Port of Pittsburgh is one of the busiest in the nation. According to independent studies, the river system supports 45,000 direct jobs and over 200,000 total jobs. Unfortunately, the locks and dams on Pittsburgh's three rivers have far outlived their design life and there has not been sufficient investment to make headway in replacing them. Furthermore, Pennsylvania's has the fifth largest state-owned highway system in the Nation comprising 40,000 state and 76,000 local miles. With truck traffic in Pennsylvania nearly double the national average and the severe winters the state often experiences, our roads and bridges suffer more damage than most other states are accustomed to.

Our infrastructure has historically been one of our country's greatest strengths and has allowed America to be a global leader in imports and exports. Continued investment in infrastructure is what will ensure our domestic businesses and workers are competitive. Without a renewed dedication to making smart investments in our nation's infrastructure, American businesses risk losing their edge along with harming future job growth.

Therefore, I strongly urge you to address the sustainability of the Inland Waterways Trust Fund. The current rate at 20 cents per gallon does not provide sufficient funding to keep up with the construction needs of the system. I introduced S. 407, the RIVER Act which includes an increase of 9 cents per gallon. This increase is supported by all 300 users of the inland waterways system. In addition to industry, a diverse array of stakeholders back this user fee, including the U.S. Chamber of Commerce, the National Farmers Union, the National Association of Manufacturers, American Farm Bureau, the AFL-CIO and over 250 national state and local organizations that include barge operators, agriculture, energy and civic and conservation groups. It will address many pressing needs while creating jobs and spurring economic growth. In southwestern Pennsylvania alone, over 200,000 jobs rely on the proper functioning of the locks and dams on the lower Monongahela River. If one of these locks were to fail, it would endanger all 200,000 jobs and have a negative economic impact of over $1 billion to the region. If we do not make this investment now, it could have dire consequences on the industries that rely on the use of locks and dams to move their goods.

I also urge you to create direct subsidy bonds for infrastructure projects. Currently, most local and state government turn to tax-exempt municipal bonds to lower borrowing costs. The Treasury Department estimates that 10 to 20 percent of the subsidy intended solely for state and local government issuers is captured by bond buyers in higher tax brackets. It is estimated that this costs the Federal government as much as $6 billion a year. A CBO-JCT study found that a direct appropriation of funds would allow more infrastructure projects to be built on a dollar for dollar basis. Direct subsidy bonds make the payments directly to the issuer and since they are not tax exempt they are not as attractive to high-income investors and ensure that 100 percent of the subsidy benefits state and local governments. They also draw new investors to the market such as pension funds with low or zero tax rates and help to lower the interest rate on traditional state and local bonds. This would help muncipalities create jobs by financing infrastrucutre projects.

The Highway Trust Fund (HWTF) has been in a state of steady decline and is projected to fall insolvent as of fiscal year 2015. Sole reliance on proceeds flowing into the HWTF to fund our infrastructure is not a sustainable way to meet our needs. I believe that we must consider a variety of options in order to ensure the future solvency of the HWTF. Pennsylvania currently has one of the highest gas taxes in the country. Furthermore, the State Legislature is contemplating additional increases that would make it the highest in the country. We must take this into account as we evaluate ways to fund our Nation's transportation network. Continuing to delay action on this issue will increase the economic costs of traffic congestion, put lives at risk due to unsafe roads, and hinder opportunities to put people back to work on construction projects. The lack of certainty relating to the future of the HWTF also harms American businesses and hurts their ability to grow and expand. We must address this issue and ensure that there is adequate funding to repair and modernize our nation's aging infrastructure.

Economic Development

The tax code should continue to support community development and help low income families find affordable housing. Both the Low Income Housing Tax Credit (LIHTC) and New Markets Tax Credit (NMTC) give state and local agencies the resources to work with businesses to redevelop struggling communities. Since 1986, the LIHTC has helped create nearly two and a half million low income apartments nationwide. In 2010, this credit helped finance more than 2,500 apartments in Pennsylvania, nearly half of which were for senior citizens. Similarly, the NMTC revitalizes communities by targeting business to areas that need it most.

Appendix B:

Protecting Children and Families

EITC and CTC
I strongly urge you to improve and make permanent both the Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC). Both tax credits are powerful weapons against poverty and are essential to the progressivity of the tax code. In 2010, the CTC provided tax relief to more than 936,000 Pennsylvania families of various income levels. Nationwide, the credit protected about 2.9 million Americans from poverty in 2011, including about 1.5 million children. The EITC has also been a resounding success, lifting over 6 million Americans out of poverty annually. In 2010, more than 930,000 working families in Pennsylvania claimed this credit, three quarters of whom made less than $25,000 that year. Structured as a tax incentive for work, this credit successfully increases employment, boosts wages, and helps families transcend poverty. Taken together, these credits especially benefit children and have been shown to improve school performance. To this end, I cosponsored S.836, the Working Families Relief Act of 2013, which would build on this success by strengthening, making permanent and expanding eligibility for both the CTC and the EITC. Any proposals to alter or consolidate these provisions must, at the very least, preserve the benefits and incentives that they provide.

Adoption Tax Credit
Tax reform should include a strong, permanent and refundable adoption tax credit. Adopting a child can cost families tens thousands of dollars. A strong adoption tax credit can provide families with financial relief for the tremendous cost of adopting a child. Since its inception, this long-standing, bipartisan supported credit has played an important role in helping over a million children find a permanent home through adoption. Furthermore, there is clear evidence that the adoption tax credit, when fully implemented, achieves all three of the Senate Finance Committee’s outlined tax reform goals. Providing permanency to a child has the potential to save a significant amount of money that would otherwise be spent supporting that child in the foster care system. Additionally, a permanent and refundable tax credit enables individuals at all income levels to consider adoption, creating more opportunities for children to secure permanent, loving families. Finally, research consistently shows that adopted children fair better than those without permanent families on adjustment measures, developmental outcomes, and self-support capabilities in young adulthood.

Child or Dependent Care Tax Credit
The Child or Dependent Care Tax Credit is an important work support for low-income parents. More than 200,000 Pennsylvania families benefited from this credit in 2010. The credit helped these families to afford the increasing cost of child care. In 2011, the cost of full-time child care averaged anywhere from $3,900 to $15,000 per year, depending on the state and the child’s age. In 36 states, the average cost for center-based infant care exceeded a year’s in-state tuition and related fees at a 4-year public college. Parents who cannot afford appropriate child care for their children have greater difficulty achieving economic self-sufficiency, making continued support through the tax code essential. Therefore, I urge you to maintain a strong Child or Dependent Care Tax Credit.

Education
Pennsylvania is home to over 400 institutions of higher education. In recent years, the cost of attending institutions like these has increased faster than family income. Federal financial aid has not kept pace and students are taking on more debt than ever. Despite this, college still represents

the most reliable path to success in the modern economy. The tax code currently includes numerous credits, deductions and savings vehicles to help families cope with these costs. In Pennsylvania, students benefited from almost $1 billion in education tax credits in 2010. If these provisions are simplified or consolidated, it is critical that the general level of incentives is maintained. In particular, I believe that tax reform should preserve section 529 college savings plans, which are successfully administered by all 50 states and the District of Columbia. These plans generally combine federal tax savings with state-level incentives to allow families to save for college according to their unique needs and budget.

Disability Savings
Section 529 plans can also serve as a model for other types of tax-preferred savings. In particular, the model can be used to give families of children with severe disabilities an alternative savings options to help them plan for their children's future. I sponsored the ABLE Act with a bipartisan group of colleagues to expand on the section 529 model to create a new type of savings account for these families. These accounts would allow individual choice and control while protecting eligibility for Medicaid, SSI and other important federal benefits for people with disabilities. As the Committee considers revisions to section 529, I urge the inclusion of ABLE accounts.

Retirement
In considering proposals for reform of retirement incentives, I urge you to protect current tax-advantaged savings vehicles. Encouraging adequate retirement savings is critical. Programs such as 401(k)s, IRAs and the Savers Tax Credit are proven tools. While we should maintain these incentives, I support efforts to improve the effectiveness of these provisions.

Charitable Giving
There are nearly 70,000 nonprofit organizations in Pennsylvania employing 13.3 percent of the state's workforce and generating more than $96 billion in annual revenues. Public and private foundations give $1.3 billion annually to worthy causes around the state. Nationwide, the picture is similar. Nonprofit organizations employ one in ten U.S. workers, pay nearly $670 billion in annual wages and benefits, contribute charitable services, and inspire citizens to public service.

Charitable deductions are unique among tax expenditures in that they encourage taxpayers to enrich their communities in return for no tangible benefit. It is also an efficient way of spurring investment in the public good; amounts donated far exceed the loss in tax revenue. For these reasons, I urge you to maintain the deduction for contributions of money to 501(c)(3) charities. I also support an enhanced deduction for food donations and have cosponsored the Rural Heritage Conservation Extension Act of 2011, which would enhance the deduction for donations of conservation easements.

Appendix C:

Simplifying the Code

Complexity

The growing complexity of our Nation's tax code has created real, significant costs for our economy and for the federal government. The National Taxpayer Advocate estimates that in 2010 individuals and businesses spent 6.1 billion hours complying with tax filing requirements. This comes at a significant cost to businesses. According to the Small Business Administration, tax compliance costs firms an average of $800 per employee, and the cost for firms with fewer than 20 employees is almost double that. The complexity of the code has also forced taxpayers to increasingly hire outside preparers. Small businesses have again been hit particularly hard by this burden, with IRS data showing that 71 percent of unincorporated businesses pay for a tax preparer.

The intricacies of the code also carry a financial cost for the federal government by reducing voluntary compliance with the tax code. While intentional tax evasion is a substantial part of our large tax gap, accidental mistakes also play an important role. A simpler code would make it easier for taxpayers to accurately report all of their income. This would also reduce the IRS workload, freeing up more resources to go after tax evaders.

The Committee's option papers lay out a number of commonsense proposals to simplify the code, such as eliminating deadwood provisions, establishing a uniform set of definitions for terms that are used in various parts of the code and consolidating overlapping tax incentives in areas such as education and retirement savings. We should also streamline our civil tax penalties. There are currently over 130 different civil tax penalties, which should be reformed to create a simpler penalty system that more effectively promotes voluntary tax compliance.

Fraud

We have also seen an increasing loss of revenue from tax fraud. In particular, incidents of tax fraud from identity theft have seen substantial growth over the last few years, with the Government Accountability Office (GAO) reporting over 600,000 incidents of tax fraud related to identity theft in 2011, more than double the previous year. This fraud has major consequences in terms of lost tax revenue, with the Treasury Inspector General for Tax Administration estimating in 2011 that identity theft will result in $21 billion in fraudulent refunds over the next five years.

One significant source of this fraud has been the public accessibility of the death master file. The information released in this file has important legitimate uses, but it has also been used to facilitate fraud. For as little as $10, an individual can purchase the full name, Social Security Number, date of birth, and date of death of a deceased citizen or legal resident—the information needed to steal an identity and defraud the government or private businesses. This information should be subject to a cooling-off period of 2 years before it becomes publicly accessible in order to give the IRS and other institutions time to resolve the tax and financial issues of the recently deceased. During the cooling-off period, access to this data would be limited to legitimate users—those entities that can properly protect the data and need the information in a timely manner for important business uses and fraud prevention. Existing statutes on the use and protection of sensitive personal information can serve as a framework for the new limitations on access to the death master file.

Tax Gap

The U.S. faces an enormous tax gap, with the most recent IRS estimate placing it at $385 billion. There are a number of different causes of lost tax revenue. For the purposes of tax reform, I am particularly concerned with underreporting of income and the misclassification of workers. Any tax reform legislation should contemplate steps to address these problems.

Underreporting of income is one of the most significant causes of the tax gap. The GAO reports that the underreporting of business income by individuals alone accounts for nearly 40 percent of the tax gap. Expanded use of information returns is one of the best tools to address this underreporting. Information returns encourage greater voluntary compliance with the tax code and make it easier for the IRS to identify tax evaders and recoup the correct amount of tax from offenders. We should consider expanding the use of information returns, as well as altering the timing of these returns to allow the IRS to cross-check them with income tax return filings. It is important, however, that the creation of any new information return requirements minimize the potential burden on small businesses.

Another source of the tax gap has been the misclassification of some employees as independent contractors. Employee misclassification can deny workers certain protections and benefits that are only available to employees. Misclassification also has tax gap implications; since employers do not withhold income from independent contractors or pay a share of their payroll taxes, misclassification is believed to cost the US billions of dollars in lost tax revenue. The Treasury Department reported in April 2013 that greater certainty with regard to the classification of workers could save the US more than $9 billion over ten years.

Appendix D:

Casey Tax Legislation

Achieving a Better Life Experience (ABLE) Act (S. 313)

Summary

The ABLE Act would give individuals with disabilities and their families access to savings accounts that would allow individual choice and control while protecting eligibility for Medicaid, SSI, and other important federal benefits for people with disabilities. The savings accounts would be structured as a new type of 529, allowing the beneficiary to accrue interest tax-free. Withdrawals would not be taxed as long as they are used to pay for qualified expenses. The account could fund a variety of essential expenses for the person with a disability, including educational expenses; medical and dental care; health, prevention and wellness expenditures; employment training and support; assistive technology; personal supports services; transportation; housing; and other expenses for life necessities.

Supporters

Senator Baldwin
Senator Blumenthal
Senator Blunt
Senator Boxer
Senator Brown
Senator Burr
Senator Cardin
Senator Cochran
Senator Collins
Senator Coons
Senator Franken
Senator Gillibrand
Senator Hagan
Senator Harkin
Senator Heitkamp
Senator Johanns
Senator Tim Johnson
Senator Klobuchar
Senator Landrieu
Senator Lautenberg
Senator Leahy
Senator Merkley
Senator Mikulski
Senator Moran
Senator Murphy
Senator Reed
Senator Roberts
Senator Rockefeller
Senator Rubio
Senator Sanders
Senator Schumer
Senator Stabenow
Senator Tester
Senator Tom Udall
Senator Warren
Senator Whitehouse
Senator Wicker

American Association of People with Disabilities
ANCOR
Association of Jewish Family & Children's Agencies
Association of People Supporting Employment First (APSE)
Association of Programs for Rural Independent Living
Association of University Centers on Disabilities
Autism Speaks
Autistic Self Advocacy Network
Collaboration to Promote Self-Determination
Community Living Services, Inc.
Delaware State Council for Persons with Disabilities
Disability Opportunity Fund
Easter Seals
First Focus Campaign for Children
Little People of America
Lutheran Services in America
Muscular Dystrophy Association
National Association of Councils on Developmental Disabilities
National Association of State Directors of Developmental Disabilities Services
National Center for Learning Disabilities
National Council on Independent Living
National Disability Institute
National Down Syndrome Congress
National Down Syndrome Society
National Federation of the Blind
National Fragile X Foundation
National Respite Coalition
Service Employees International Union
Special Olympics
TASH

The Arc
The Daniel Jordan Fiddle Foundation
The Jewish Federations of North America
UJA-Federation of New York
United Cerebral Palsy

Relevance to Tax Reform

The ABLE Act structures the new disability savings accounts as a type of 529 account. There have been a number of proposals to revise the 529 program during tax reform. The creation of new ABLE 529 accounts could be an additional change.

Adoption Tax Credit Refundability Act (S. 1056)

Summary

The Adoption Tax Credit Refundability Act would amend the existing adoption tax credit to make the credit refundable.

Supporters

Senator Blunt
Senator Landrieu

Adoption Tax Credit Working Group Executive Committee

American Academy of Adoption Attorneys
Adopt America Network
Christian Alliance for Orphans
Dave Thomas Foundation for Adoption
Evan B. Donaldson Adoption Institute
Joint Council on International Children's Services
National Council for Adoption
North American Council on Adoptable Children
RESOLVE: The National Infertility Association
ShowHope
Voice for Adoption

State and Local Organizations

A Better Chance for Our Children, Inc.
A Chosen Child Adoption Services
A Red Thread Adoption Services, Inc.
Across the World Adoptions
Adopt!inc.
AdoptFund, Inc.
AdoptGold
Adoption Connection: The Iowa Center For Adoption
Adoption Network Cleveland
Adoption Options
Adoption Related Services of Pinellas
Adoption Rhode Island
Adoption Services, Inc., A Licensed Child Placing Agency
Adoption STAR
Adoptions Together
Adoptive Family Support Network (AFSN)
Alabama Foster and Adoptive Parent Association
Alaska Center for Resource Families
American Adoptions
Americans for International Aid and Adoption
Baker Victory Services
Bay Area Adoption Services, Inc.
Bethany Christian Services
Bethany Christian Services of Wisconsin
Broward Foster and Adoptive Parent Association: Broward FAPA
Broward Legislative Council
California Alliance of Child and Family Services
Capital Adoptive Families Alliance
Caring For Kids, Inc.
Center for Adoption Support and Education (CASE)
CHAIN - Parent Support Group, (CHAIN Adoption, Foster, and Kinship Parent Support Group)
Cherokee County Foster & Adoptive Parents Association of GA Inc
Child Welfare League of America (CWLA)
ChildNet
Children's Bureau of Southern CA
Children's Choice
Children's Home Society of Florida
Children's Home Society of North Carolina
Children's Law Center
Children's Advocacy Institute
Children's Choice, Inc.
Children's Home Society of America
Children's House International
Child-Serving Systems Consulting
Circle of Trust Ministries Inc
Colorado Coalition of Adoptive Families (COCAF)
Connecticut Association of Foster & Adoptive Parents, Inc.
Creating a Family
Crossroads Adoption Services
Crossroads Christian Fellowship
Diversity Activities National Association (DANA)
Embrace Texas
EMQ FamiliesFirst
Erie county foster parent association
Escambia County Foster Parent Association(Florida)
FACES of Virginia Families
Family Adoption Consultants
Family Builders Network
Family Design Resources, Inc
Family Equality Council
Family Matters
First Focus Campaign for Children
Florida State Foster/Adoptive Parent Association
Foster Care Association Of Oklahoma

Foster Family-based Treatment Association
Generations Adoptions
Georgia Council of Adoption Lawyers
Hillsborough County Family Partnership Alliance
Holt International
Home Forever
Inheritance Adoptions
Iowa Foster and Adoptive Parents Association
Iowa KidsNet & Four Oaks
Latino Family Institute
Lilliput Children's Services
Louisiana Baptist Children's Home & Family Ministries
Lutheran Services in America
Lutheran Social Services of New England
Massachusetts Adoption Resource Exchange, Inc. (MARE)
Miami Dade County Foster & Adoptive Parent Association
Michigan Association of Foster, Adoptive and Kinship Parents
Midwest Foster Care and Adoption Association
MLJ Adoptions, Inc.
Mr. Ed's Counseling Related Services Inc
My Adoption Advisor
National Adoption Center
National Association of Counsel for Children
National Center for Adoption Law & Policy
National Foster Parent Association
National Kinship Alliance for Children
Nebraska Families Collaborative
Nebraska Foster and Adoptive Parent Association
New York Citizens' Coalition for Children's (NYSCCC)
New York Council on Adoptable Children
Nightlight Christian Adoptions
Northwest Adoption Exchange
Oregon Post-Adoption Resource Center (ORPARC)
Pact, an adoption alliance
Pathway Family Services, Inc
Promise 14:18
RainbowKids Adoption Advocacy
Southeast Louisiana Foster & Adoptive Parent Association
Spence-Chapin Services to Families & Children
Sylvia Thomas Center for Adoptive and Foster Families
The Adoption Consultancy
The Adoption Exchange
The Calvert County Foster Parent Association
The Cradle
The Hillsborough Family Partnership Alliance
The National Down Syndrome Adoption Network
The Sacred Portion Children's Outreach
Three Pebbles Consulting
Three Rivers Adoption Council
USAdopt
Voice of Choice: Resource Parents' Support Group
World Association for Children and Parents

Relevance to Tax Reform

The adoption tax credit was made permanent in the American Taxpayer Relief Act in January 2013. However, that law did not extend the refundability provisions that applied to the adoption tax credit in 2010 and 2011. The Adoption Tax Credit Refundability Act will restore the refundable portion of this critical support for families wishing to adopt.

Preliminary 2011 data indicate that nearly 62 percent of families who filed for the adoption tax credit benefited from refundability. Forty-one percent of families who benefited from refundability (25 percent of all families who took the tax credit) had AGIs under $50,000.

These data indicate that a refundable adoption tax credit plays a significant role in lower-income families' ability to adopt and support a child from foster care. Older data from a 2006 study cited by HHS demonstrate a significant financial benefit to society, as well: the cost of adoption and permanency is significantly lower than the cost to federal, state and local governments to provide long-term foster care.

The RIVER Act (S. 407)

Summary

The RIVER Act will increase user fees, the federal share of Inland Waterway costs, and overall spending on Inland Waterways. There are also a number of reforms to the project management process that will help ensure waterways projects are completed on time and with minimal cost overruns. This bill is endorsed by the Waterways Council.

- User fee increase: The RIVER Act revises the Inland Waterways User Fee to 29 cents per gallon from the current level of 20 cents in 2014. This would be about 45 percent increase above the current tax and the exact increase would depend on future fuel tax revenues. Industry partners strongly support this user fee increase.
- Project Management Process Reforms: The bill would allow the waterways user board to have a representative on all project management teams for projects that are funded by the IWTF. Risk-based cost estimates would be utilized for IWTF projects that would help to ensure cost estimates are not exceeded and project schedules are kept. Any project with a multi-year funding stream would need a commitment from Congress. Projects that cost $45 million or more would be required to undergo an independent external peer review process that would provide the Army Corps with an independent assessment of the models they use as well a range of alternatives and risk and uncertainty analyses.
- Cost Share Requirements: The RIVER Act modifies projects subject to IWTF cost-share requirements and shifts a larger portion of these to the General Revenue fund. This will result in an increase in the overall investment in inland waterways projects and help ensure they get completed in shorter time periods.

Supporters

Senator Alexander
Senator Franken,
Senator Harkin
Senator Klobuchar
Senator Landrieu
Senator Roberts

National Organizations

AFL-CIO Building and Construction Trades Department
American Agri-Women
American Farm Bureau Federation
American Society of Civil Engineers
American Soybean Association
American Waterways Operators
Dredging Contractors of America
Inland Rivers Ports & Terminals, Inc.
International Liquid Terminals Association
National Association of Manufacturers
International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers
International Propeller Club of the United States
National Corn Growers Association
National Council of Farmer Cooperatives
National Farmers Union
National Grain and Feed Association
National Mining Association
North American Equipment Dealers Association
Steel Manufacturers Association
U.S. Chamber of Commerce
United Association of Plumbers, Fitters, Welders and Service Technicians
United Brotherhood of Carpenters
Waterways Council, Inc.

State, Regional and Local Organizations

Alabama State Port Authority
Association of Tennessee Valley Governments
Bond County (Ill.) Farm Bureau
Boone County (Ill.) Farm Bureau
Bureau County (Ill.) Farm Bureau
Calhoun County (Ill.) Farm Bureau
California Marine Affairs & Navigation Conf. (CMANC)

Carpenters' Dist. Council of Greater St. Louis and Vicinity
Carroll County (Ill.) Farm Bureau
Chemical Industry Council of Illinois
City of Pittsfield, Ill.
Clark County (Ill.) Farm Bureau
Coalition of Alabama Waterway Associations, Inc.
Cook County (Ill.) Farm Bureau
Coosa-Alabama River Improvement Association, Inc.
Delta Waterfowl , St. Louis Arch Chapter
DeWitt (Mo.) Drainage and Levee District
DeWitt County (Ill.) Farm Bureau
DuPage County (Ill.) Farm Bureau
Effingham County (Ill.) Farm Bureau
Farm Resource Center
Grain & Feed Association of Illinois
Great River Economic Development Foundation
Greene County (Ill.) Farm Bureau
Gulf Intracoastal Canal Association
Hancock County (Ill.) Farm Bureau
Huntington District Waterways Association
Illinois AgriWomen
Illinois Association of Drainage Districts
Illinois Biotechnology Industry Organization
Illinois Corn Growers Association
Illinois Farm Bureau
Illinois Farmers Union
Illinois Fertilizer & Chemical Association
Illinois Grape Growers & Vintners Association
Illinois Seed Trade Association
Illinois Soc. of Prof. Farm Managers and Rural Appraisers
Illinois Soybean Association
Indiana Corn Growers Association
Indiana Soybean Alliance
International Union of Operating Engineers Local 513
Iowa Corn Growers Association
Jasper County (Ill.) Farm Bureau
Jersey County (Ill.) Business Association
Jersey County (Ill.) Farm Bureau
Kane County (Ill.) Farm Bureau
Kendall County (Ill.) Farm Bureau
Kentuckians for Better Transportation
Kentucky Chamber of Commerce
Kentucky Corn Growers
Kingdom of Callaway (Mo.) Chamber of Commerce
Knox County (Ill.) Farm Bureau
LaSalle County (Ill.) Farm Bureau
Lee County (Ill.) Farm Bureau
Little Rock Port Authority
Louisiana Assn. of Waterway Operators & Shipyards
Macon County (Ill.) Farm Bureau
Marshall-Putnam (Ill.) Farm Bureau
Mason County (Ill.) Farm Bureau
McLean County (Ill.) Farm Bureau
McDonough County (Ill.) Farm Bureau
Menard County (Ill.) Farm Bureau
Mercer County (Ill.) Farm Bureau
MidCentral Illinois Regional Council of Carpenters
Migratory Waterfowl Hunters, Inc.
Minnesota Chapter of ASFMRA
Minnesota Corn Growers Association
Minnesota Grain and Feed Association
Mississippi Water Resources Association
Missouri Corn Growers Association
Missouri Levee & Drainage District Association
Mo-Ark Association
Ogle County (Ill.) Farm Bureau
Ohio Corn Growers Association)
Paducah Area Chamber of Commerce
Pennsylvania Farm Bureau
Peoria County (Ill.) Farm Bureau
Perry County (Ill.) Farm Bureau
Pike and Scott County (Ill.) Farm Bureaus
Plumbers and Pipefitters Local 562 (St. Louis)
Port of Cincinnati, LLC
Port of Delcambre, LA
Port of Houston Authority
Board of Commissioners of the Port of New Orleans
Port of Pittsburgh Commission
Port of Portland (Oregon)
Port of Vancouver, WA
Montgomery County (Ill.) Farm Bureau
Red River Valley Association
Rock Island County (Ill.) Farm Bureau
Rosedale-Bolivar County (Miss.) Port Commission
Sangamon County (Ill.) Farm Bureau
Shelby County (Ill.) Farm Bureau
Show-Me-State Black Ducks Chapter, Ducks Unlimited
Southern Illinois Builders Association
Southern Illinois Construction Advancement Program
Stark County Farm (Ill.) Bureau
Stephenson County (Ill.) Farm Bureau
Tennessee Cumberland Waterways Council
Tennessee River Valley Assn.
Tennessee-Tombigbee Waterway Develop. Auth.
Tennessee-Tombigbee Waterway Develop. Council
Texas Agri Women
Texas Waterways Operators Association
Tri Rivers Waterway Development Assoc.
Tri-State Development Summit
Tulsa Port of Catoosa
Twin Parish Port Comm.
Upper Mississippi Waterway Association
Upper Mississippi, Illinois & Missouri Rivers Assn.
Warrior-Tombigbee Waterway Association
Washington County (Ill.) Farm Bureau
Waterways Association of Pittsburgh

Whiteside County (Ill.) Farm Bureau

Will County (Ill.) Farm Bureau

Relevance to Tax Reform

The RIVER Act includes an industry-supported 45 percent increase in the Inland Waterways User Fee. Our Nation's Inland Waterways have been severely underfunded, and this fee increase is critical to ensuring that commerce on these waterways is not interrupted.

Small Business Tax Certainty and Growth Act (S.1085)

Summary

The Small Business Tax Certainty and Growth Act will provide targeted tax relief to small businesses, helping them to expand and create jobs. The following provisions are included in the bill:

- Section 179: The bill would permanently set the maximum allowable deduction at $250,000, indexed for inflation. To ensure a focus on small businesses, the provision is phased out as acquisitions exceed $800,000.
- Bonus Depreciation: The bill would extend the existing 50 percent bonus depreciation for an additional year.
- 15-Year Depreciation: The bill would extend for one year the 15-year depreciation schedule for improvements with respect to restaurants, retail facilities and leaseholds.
- Cash-Basis Accounting: The bill would double the threshold at which the accrual method is required, allowing firms with up to $10 million in gross receipts to use cash-basis accounting.
- Start-Up Tax Deduction: The bill doubles the deduction for start-up expenses from $5,000 to $10,000.

Supporters

Senator Collins

Pennsylvania Chamber of Business and Industry

Relevance to Tax Reform

Tax reform should maintain critical tax preferences for small businesses, and make them permanent in order to give employers the certainty they need to expand. This bill highlights a number of provisions that would help employers to invest in their businesses. The bill also includes a change to accounting rules that will reduce the compliance burden on small businesses.

Make Permanent the 15-Year Depreciation Schedule for Certain Leasehold, Restaurant and Retail Properties (S.749)

Summary

S. 749 would make permanent the 15-year depreciation schedule for leasehold improvements, restaurant improvements and new construction and retail improvements.

Supporters

Senator Begich
Senator Brown
Senator Burr
Senator Cochran
Senator Collins
Senator Cornyn
Senator Crapo
Senator Hagan
Senator Heller
Senator Inhofe
Senator King
Senator Klobuchar
Senator Menendez
Senator Risch
Senator Roberts
Senator Stabenow
Senator Tester
Senator Vitter
Senator Wicker

The National Restaurant Association

Relevance to Tax Reform

The types of businesses eligible for this 15-year depreciation must constantly make improvements to keep up with structural and cosmetic wear and tear caused by customers and employees. In the restaurant industry alone, for example, more than 130 million customers patronize restaurant building structures each day. As we consider changes to the depreciation schedule as a part of tax reform, the 15-year depreciation should be made permanent to better reflect the actual life cycle of these properties.