

October 6, 2016

The Honorable Kevin Brady
Chairman
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Brady:

The National Council of Higher Education Resources (NCHER) appreciates the opportunity to provide comments on the Tax Reform Task Force's "A Better Way: Our Vision for a Confident America." NCHER represents state and nonprofit agencies that offer educational loans, funded through the issuance of municipal bonds, to students and parents to help pay for the costs of postsecondary education. In order to assist borrowers in reaching their higher education goals and help struggling borrowers in the management and repayment of their student loans, our members, including state agencies and state-designated authorities, also administer grant programs; provide higher education access, outreach and financial literacy as well as counseling programs; and offer delinquency and default aversion services.

NCHER and its members commend the Task Force for its examination of issues to reform our nation's tax code to promote economic growth, fuel job creation, and deliver opportunity for all Americans. We support the Task Force's proposed elimination of the Alternative Minimum Tax, which will allow our members to offer lower-cost loans to student and parent borrowers since the savings will be passed directly through to borrowers.

While the Task Force's report is silent on municipal bonds, we strongly support the retention of the authority state and nonprofit organizations have to issue tax-exempt private activity bonds as the House Ways and Means Committee continues its effort to develop comprehensive tax reform that could be enacted by the 115th Congress and incoming Administration. As you know, Congress has long authorized state and nonprofit organizations - including many NCHER members - to issue tax-exempt private activity bonds as a means to provide lower-cost loans to student and parent borrowers. These state and nonprofit lenders provide the liquidity required to meet the growing financial demand that all students have access to a high-quality postsecondary education by raising money from investors through the sale of tax-exempt bonds, using that money to finance student loans, and passing on the lower cost of tax-exempt financing to students and families in the form of lower interest rates and lower or nonexistent fees. This has dramatically increased the number of students that have access to higher education, which is essential to strong economic growth and better opportunity for young Americans and their families.

As tuition costs have outpaced increases in the loan limits authorized under the federal student loan program, these private educational loans financed through tax-exempt bonds help families across the country "close the gap" in financing their higher education dreams. These loans also can be used to

refinance existing federal and private student loans that carry a higher interest rate. Most of these private loans have lower interest rates and origination fees than the loans that parents can receive from the U.S. Department of Education.

NCHER supports your vision for a 21st Century tax system centered around economic growth and opportunity, and believes that maintaining tax-exempt financing for education lending will help achieve these important and mutual objectives while promoting college access and success for students and their families.

If you have any questions or need additional information, please feel free to contact me at jbergeron@ncher.us or (202) 822-2106.

Sincerely,

A handwritten signature in black ink, appearing to read "J P Bergeron". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James P. Bergeron
President

cc: Member, House Committee on Ways and Means