



National Council of Higher Education Resources



NCHER

November 3, 2017

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

The Honorable Peter Roskam
Chairman
House Subcommittee on Tax Policy
2246 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Brady and Chairman Roskam:

The National Council of Higher Education Resources (NCHER) writes in strong opposition to the elimination of private activity bonds as set forth in section 3601 of H.R. 1, the Tax Cut and Jobs Act. NCHER is a national trade association representing state and nonprofit agencies that administer education programs that make grant and loan assistance available to students and parents to pay for the costs of postsecondary education. Many of our members issue tax-exempt private activity bonds to finance low-cost loans that help students and parents pay the costs of securing a higher education credential that opens the door for a better life.

NCHER and its members commend the committee for its examination of issues involved in reforming our nation's tax code to promote economic growth for all Americans. One of the primary ways that the current tax system assists in fostering investment and delivering opportunity in our nation's future is by allowing state and nonprofit lenders to issue tax-exempt private activity bonds to finance education loans to students and parents. This enables more individuals to receive a high-quality undergraduate or graduate education that allows them to get a job, pay taxes, form small businesses, buy houses, save for retirement, and become productive members of society.

Private educational loans issued through tax-exempt financing by state and nonprofit lenders supplement federal student loans so students can pay their tuition bills, purchase required textbooks, and cover their living expenses. With the cost of college continuing to rise, federal student loans and family resources are often inadequate to cover the cost of attending a postsecondary education institution. State-based lenders help families across the nation "close the gap" in financing their higher education dreams, in many cases at lower rates than are generally available under the federal program, and do so without the need to increase the nation's debt. These lenders also offer college access and success, financial literacy, and debt management programs within their respective states to help students and families manage their student loan obligations, regardless of whether they took out a federal or private education loan. Current law caps the amount of tax-exempt bonds that can be issued in each state to fund student loans, along with certain housing and economic development programs, ensuring that these loan programs are appropriately managed by the states.

Because of the importance of promoting private capital in postsecondary education, the committee should reconsider its support for terminating the ability of state and nonprofit lenders to issue tax-exempt bonds to finance education loans to students and parents. Failure to reverse this provision will

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undermine the underlying bill's objective to support economic growth and opportunity – many of the provisions of which the NCHER membership supports in an effort to streamline the nation's tax code - and discourage investment in the nation's postsecondary education students.

NCHER looks forward to continuing the discussion as H.R. 1 moves to committee markup, House consideration, and to an eventual conference committee. 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