April 8, 2016

The Honorable Sander M. Levin
Ranking Democratic Member, House Committee on Ways and Means
1106 Longworth House Office Building
Washington, D.C. 20515

Dear Ranking Member Levin:

As the Committee begins hearings on various tax reform proposals, the Large Public Power Council (“LPPC”)\(^1\) would like to take this opportunity to urge you to preserve the longstanding tax treatment of the interest on bonds issued by state, county and local government entities as exempt.

Taxing these bonds for the first time in history would disrupt an effective and time-tested tool for making investments in much-needed public infrastructure at a time when such investments are so sorely needed. Large public power systems alone expect to issue nearly $20 billion in tax-exempt bonds over the next five years to finance the construction of electric generation, transmission and reliability facilities. Not only do municipal bonds create good jobs as these investments are built, they help keep electric costs at a reasonable level for our customers. Increased costs would be borne disproportionately by those least able to afford them, low- and fixed-income households and small businesses.

As part of the Committee’s review, we would also urge you to review current renewable energy production incentives to determine how they could be made to work for public power. Under current law, most of these incentives are not available to tax-exempt entities like LPPC’s member companies. Yet our members face the same need to produce more electricity from renewable resources as other utilities who can take advantage of current incentives.

We appreciate the hard work that the Committee will be dedicating to tax reform. We look forward to working with you and the Committee as you move forward. We would be happy to answer any questions you might have on our positions.

Sincerely,

John Di Stasio
President
Cc: Democratic Members of the Committee on Ways and Means

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\(^1\) LPPC consists of 26 of the largest publicly-owned electric utilities in the United States.