



CITY OF BEVERLY HILLS

455 NORTH REXFORD DRIVE • BEVERLY HILLS, CALIFORNIA 90210

Lili Bosse, Mayor

December 8, 2017

The Honorable Ted Lieu
236 Cannon House Office Building
Washington, DC 20515

RE: OPPOSE - H.R.1 and S.1 - Tax Cuts and Jobs Act

Dear Congressman Lieu:

On behalf of the City of Beverly Hills, I write to urge your opposition to the House tax reform proposal, H.R. 1, and its Senate counterpart, S.1, **-the Tax Cuts and Jobs Act**. Both measures, as currently drafted, will undermine the City's ability to raise money for critical capital improvement projects and will negatively impact the tax exempt status of refunding municipal bonds.

Our primary concern with the House and Senate legislative tax plans is they both propose to eliminate the tax exempt status of interest on advance refunding bonds. This may cause our City to lose the ability, and the tax exempt benefit associated with, the advance refunding of bonds. To take advantage of interest rate fluctuations, the City has used advance refunding for water revenue bonds, wastewater revenue bonds, and lease revenue bonds. For the City's current bonds, this has resulted in a total economic gain of \$7.9 million (the difference between the present value of debt service payments on the old and new debt) and a total reduction of debt service payments of \$10.65 million. Should the tax exempt status of interest on these bonds be eliminated, our City would lose the ability to see these types of significant savings in the future.

Additionally, tax exempt private activity bonds (PABs), an important tool for state and local governments, help finance major public projects, including transportation and water infrastructure, affordable housing construction, schools — all of which are essential for job growth, healthy economies, safe communities and the nation's economy. Eliminating PABs' tax-

exempt status, as proposed by the House-passed bill, would drive up the costs of borrowing for these projects by 25–35 percent.

Furthermore, since one in three California taxpayers take deductions for state and local taxes, including many Beverly Hills residents, we are opposed to the Senate's provision entirely eliminating these deductions. Moreover, we also oppose the House version which, like the Senate measure, eliminates state and local income tax deductions but caps property tax deductions at \$10,000. Eliminating these deductions, which have been part of our tax code since 1913, will penalize millions of Californian taxpayers while potentially jeopardizing the local tax base that helps pay for a myriad of municipal services.

This also is a very large and complex bill that lacks true transparency. There were no public hearings conducted, nor were there any attempts to appropriately vet the short term and long term impacts of the proposed tax reform to our nation's economy. It is important to note that the last major overall to the federal tax laws occurred in the 1980's. It took over six years to carefully craft the language of that reform, conduct multiple public hearings, and listen to numerous organizations' concerns with the proposed changes. It also had bipartisan participation. **The Tax Cuts and Jobs Act** was crafted in just a few short months, with handwritten notes in the margins of the bill on the evening it passed in the U.S. Senate. This legislation lacks the foresight and public input of the previous tax overhaul under President Reagan's Administration.

For these and other reasons, the City of Beverly Hills urges you to vote against **H.R.1 and S.1 - Tax Cuts and Jobs Act** and any subsequent conference agreement that is reached between the House and Senate that fails to address our concerns. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Lili Bosse", with a long horizontal flourish extending to the right.

Lili Bosse

Mayor, City of Beverly Hills

This letter was also sent to the following officials:

The Honorable Ted Lieu
236 Cannon House Office Building
Washington, DC 20515

The Honorable Nancy Pelosi
233 Cannon House Office Building
Washington, DC 20515

The Honorable Kevin Brady
1011 Longworth House Office Building
Washington, DC 20515

The Honorable Ken Calvert
2205 Rayburn
Washington, DC 20515

The Honorable Paul Cook
1222 Longworth House Office Building
Washington, DC 20515

The Honorable Jeff Denham
1730 Longworth House Office Building
Washington, DC 20515

The Honorable Ed Royce
2310 Rayburn House Office Building,
(3rd floor)
Washington, D.C. 20515

The Honorable Paul Ryan
1233 Longworth HOB
Washington, D.C. 20515

The Honorable David Valadao
1728 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mimi Walters
215 Cannon House Office Building
Washington, DC 20515

The Honorable Dianne Feinstein
331 Hart Senate Office Building
Washington, DC 20510

The Honorable Kamala Harris
112 Hart Senate Office Building
Washington, DC 20510

The Honorable Duncan Hunter
2429 Rayburn House Office Building
Washington, DC 20515

The Honorable Steve Knight
1023 Longworth House Office Building
Washington, DC 20515