

## Economic Development

Federal policies that encourage economic development are critical. We encourage lawmakers to facilitate economic success and quality of life by implementing more localized decision making processes, returning control to the state level.

### We support:

#### 1. Continuing tax exempt status of municipal bonds.

- a. Calls to tax municipal bonds to pay for federal income tax rate cuts or deficit reduction are on the rise. All would have the same effect: limiting or eliminating the income tax exemption for interest from municipal bonds which would reduce investments in vital infrastructure across the country and result in higher taxes, fees and costs of utilities to local taxpayers.
- b. The first recorded municipal bond was issued in 1812. Tax exempt municipal bonds have financed \$2 trillion in new investments in infrastructure in the last decade, including \$112 billion in electric power generation, transmission and distribution. Today, there are \$3.7 trillion in municipal bonds outstanding, with more than \$200 billion funding new projects every year. These bonds finance roads, bridges, sewer systems, water production facilities, hospitals, libraries, schools, city halls, police stations, fire stations and every type of infrastructure needed for utilities.
- c. Ultimately, a repeal of the municipal bond tax exemption would increase borrowing costs of local and state governmental entities by 47 percent. A surtax on municipal bond interest to create a “cap” on the tax value of the exclusion of municipal bonds would increase local and state governmental entities’ borrowing costs by 32 to 35 percent. Replacing the exclusion for municipal bonds with a direct payment bond would increase borrowing costs by 16 percent, assuming a direct payment percentage of 25 percent of the issuer’s interest expenses, and would be vulnerable to the annual budget process. EXAMPLE: A \$250 million power plant would cost \$80 million more to finance if the tax exemption for municipal bonds was repealed; \$40 million more if the tax exemption were capped; and \$30 million more if municipal bonds were replaced with direct payment bonds.
- d. State and local governments have limited means to raise funds for their communities’ capital needs. The municipal bond market gives approximately 42,000 governmental issuers access to investors. This is especially important to the vast majority of small towns, cities, counties and publicly owned utilities that issue municipal bonds. The spread in basis points between municipal bonds and corporate taxable bonds can be 25 percent over the 30-year life of a project. These savings allow local and state governmental entities to invest in more critical infrastructure needs and lower the costs for the services they provide.
- e. Per a joint report by the National League of Cities and the U.S. Conference of Mayors, a job impact report found that if Congress capped the tax exemption to 28% for municipal bonds that finance local infrastructure projects, 311,736 jobs, \$16.4 billion of labor income, and \$24.7 billion in GDP would have been lost in 2012. If Congress eliminated the tax exemption all together, then the loss would have been 891,962 jobs lost, \$46.9 billion of labor income lost, and \$70.7 billion in GDP.

- f. Investors purchase municipal bonds partly because of tax considerations, accepting a lower rate of return because the interest is exempt from federal income tax. Municipal bonds are also valued for their ability to generate a steady income stream for fixed income households. Individual households are the investors in over 70 percent of municipal bonds; nearly 60 percent of these are taxpayers who are 65 years of age or older. In 2012, 48 percent of all municipal bond interest paid to individuals went to those with incomes of less than \$250,000.
- g. Infrastructure investment plays a critical role in supporting quality of life and robust economic growth. Critical infrastructure across the nation is in a state of neglect and disrepair; 32 percent of America's major roads are rated as being in poor or mediocre condition, with annual investment being only half of what is needed to keep our roads in a state of good repair. Likewise, much of the nation's water infrastructure was built in the post WW II period and is in need of critical updates. An estimated 240,000 water main breaks occur every year in the U.S.
- h. In summary, any policy to alter the tax-exempt status of municipal bonds will cost local governments and their taxpayers billions of dollars and prevent many critically needed infrastructure projects from going forward.

*Sources: Internal Revenue Service, "Statistics of Income-2010: Individual Income Tax Returns" (2012); American Public Power Association, U.S. Conference of Mayors, and the National League of Cities.*

## **2. Enacting comprehensive immigration reform that implements rational guest worker policies, boosts economic growth, and protects our borders.**

- a. U.S. immigration policy is badly broken and is not designed to meet today's dynamic economic needs. We need policies that help grow U.S. businesses, attract capital and boost U.S. job creation.
- b. The current policy for issuing U.S. green cards favors family-based chain migration which tends to result in immigration of low skilled and unskilled workers and skews towards an older population.
- c. The visa lottery system, similarly, awards green cards without regard to an applicant's education level and skills which is not always in the best interest of the U.S. economy.
- d. The U.S. should do more to attract credible foreign entrepreneurs. More than half of privately held U.S. start-ups worth \$1 billion or more have at least one immigrant co-founder. <http://blogs.wsj.com/digits/2016/03/17/study-immigrants-founded-51-of-u-s-billion-dollar-startups/> The U.S. does not have a special visa for immigrants who start companies in the U.S. and, in fact, current immigration rules discourage highly skilled and highly educated foreign workers in the U.S. on H1B visas from innovating new start-ups by requiring them to show that they can be "hired, fired, paid and controlled" by an employer. Canada is stepping up to recruit these immigrant entrepreneurs. Canada's Start-up Visa Program targets immigrant entrepreneurs with the skills and potential to build innovative businesses in Canada that can create jobs for Canadians and compete on a global scale.

- e. U.S. Businesses need a workable guest worker program to allow America businesses to use foreign workers on a temporary basis when they are unable to fill positions with American workers. For example, currently the H-2A visa is the only agricultural visa available to U.S. farms and it is too expensive and cumbersome to work for many U.S. growers. Inefficient temporary worker visa programs do nothing to protect U.S. workers and only hurt the U.S. economy.
- f. Border integrity is essential—both in the form of physical border protection to prevent illegal entry and reliable monitoring and tracking of immigrants who enter the U.S. on temporary visas and but overstay the terms of their visa without permission.
- g. Rational reform of the U.S. legal immigration system will discourage future illegal immigration.
- h. Federal immigration law should provide U.S. businesses with access to the international talent pool by allowing foreign students receiving graduate degrees at American universities in essential technical fields to qualify for permanent resident status. International students comprise a significant percentage of graduate students in science and engineering degree programs at U.S. universities. International students account for 71 percent of the full-time graduate students (master’s and Ph.D.’s) in electrical engineering, 65 percent in computer science, 61 percent in industrial engineering, and more than 50 percent in economics, chemical engineering, materials engineering and mechanical engineering at U.S. universities, according to the National Science Foundation.  
[https://www.nafsa.org/File/ie\\_mayjun14\\_frontlines.pdf](https://www.nafsa.org/File/ie_mayjun14_frontlines.pdf)
- i. The H1B visa system needs reform. H1B visas allow U.S. employers to temporarily employ foreign workers in specialty occupations. These visas should be awarded to the most highly educated, highest skilled immigrants. The current capped “lottery” system for H1B visas results in some of the most valuable workers being turned away. The cap for H-1B visas should not be arbitrary but should reflect specialized needs of U.S. businesses while adequately protecting similarly qualified American workers.

**3. Building a qualified workforce by distributing funds at the state/regional service level for targeted vocational/technical training to meet local employers’ needs.**

- a. Strengthen the emerging workforce pipeline by streamlining training with employers to develop skilled, value-added jobs. Enhance the existing workforce with administration of federal funds at the local level. Encourage state facilitation of training by aligning federal workforce training funds the employers and industries need at the state and local level.
- b. Encourage continuation of STEM education programs and extend funding for federal initiatives that encourage early interest and awareness in career pathways for students. Support the Department of Education’s Career Technical Education at secondary and post-secondary education institutions to better prepare students for future career opportunities.

**4. Adopting policies that favor steps toward energy independence and multiple energy sources.**

- a. Allow greater access to oil and gas resources on federal lands and offshore.

- b. Enhance the competitiveness of renewable sources of energy and more efficient energy consumption through tax incentives and removal of bureaucratic roadblocks in order to allow free enterprise to work through the private sector.
- c. Reform the regulatory process and modernize the permitting system for energy projects such as nuclear power plants.
- d. Develop a multi-disciplinary qualified energy workforce.
- e. We support U.S. energy independence and job creation and are encouraged by recent moves to move towards the completion of the Keystone pipeline and the upgrading of existing pipelines.
- f. We support elimination of unnecessary federal regulations that are burdensome and will lead to increased costs and delays to projects. We support recent moves to rescind the Waters of the United States rule in the EPA.

**5. Maintaining current authorities and funding for Community Development Block Grant funds.**

- a. Preliminary budget proposals eliminate funding for Community Development Block Grant and HOME programs.
- b. The cities of Bryan and College Station receive CDBG and HOME grant funds and allocate these funds to address Housing and Urban Development's three basic statutory goals: *Decent Housing, A Suitable Living Environment, and Expanded Economic Opportunities*.
- c. These programs allow cities to decide at the local level how grant money can best be spent to impact the community.
- d. CDBG funds are used for a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services.
- e. HOME funds are used - often in partnership with local non-profit groups - to fund a variety of activities that build, purchase, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.
- f. Historically, the cities provide 15% of the CDBG funds to local nonprofits and approximately 75% to eliminating distressed housing conditions. All HOME funding goes to eligible housing projects except 10% administratively allocated.
- g. Loss of CDBG and HOME funds will severely affect local BCS non-profit community resources (churches, civic organizations, nonprofits, school districts, local foundations, etc.) already serving the community at maximum capacity.
- h. It is critical that the Bryan/College Station community be able to offer affordable housing to satisfy the needs of people of all income levels. Lack of affordable housing drives away workers from this community.

- i. This funding supports programs that encourage homeownership for first-time homebuyers by offering counseling and down payment assistance. Homeownership has proven to assist in improved education thereby potential raising the income of the family.
- j. CDBG funds have been used to incentivize redevelopment in older, dilapidated neighborhoods. Slum-and-blight influences such as vacant, dilapidated structures, code enforcement issues and criminal activity/vandalism depress property values and increase health/social issues for members of the community.
- k. Improvements could be made to these programs to eliminate unnecessary administrative requirements that impose burdensome administrative costs on these programs and prevent monies from being spent to best impact communities. Regulatory requirements include crosscutting requirements, Davis-Bacon, Section 3, FFATA (Federal Funding and Accountability Transparency Act) reporting, etc.

## **6. Rebuilding the national defense and protecting our nation’s critical cyber networks.**

- a. Our national security is the most important role of our Federal Government and is one of few specific responsibilities of the Government as outlined in the preamble of the Constitution (“provide for the common defense”). Without the ability to defend our homeland and our interests abroad, the United States cannot ensure our economic status as a world leader. We support current proposals to strengthen our defenses, nuclear and conventional, to maintain our national security and protect our ability to operate a strong, free economy. Naval and ground forces must be able to protect the sea lanes for commerce. Our military strength must be respected globally to ensure and project economic strength.
- b. A national defense that is the strongest in the world, consistently funded, and which fulfills our responsibility and our promises to active duty military personnel and veterans through sufficient compensation, locally delivered health care, and retirement benefits is essential. Military active duty and retirees are a considerable factor in the economies of the communities in which they reside.
- c. The U.S. should make it clear that the SAFETY Act covers cyber-security products. The Support Anti-terrorism by Fostering Effective Technologies Act (SAFETY Act) encourages innovation, development and deployment of products that enhance the security of the nation. The SAFETY Act provides creators of security tools and services with liability protections from damages incurred during an “act of terrorism.” Cyber-security product developers are woefully underrepresented in the nearly 900 successful SAFETY Act applications. Congress should clarify and update the SAFETY Act to make clear it covers cyber-security products.
- d. More should be done to protect businesses of all sizes—large and small—from cyber threats. The MAIN STREET Cyber Security Act would direct the National Institute of Standards and Technology (NIST) to consider small business when updating its cybersecurity framework and offer consistent resources for small businesses.

## Fiscal Responsibility

Our membership continues to be concerned about the rate of spending which required the government to borrow nearly 16 cents of every dollar it spent in 2015. This is detrimental to a thriving business climate because it increases the federal debt, slows U.S. economic growth, and discourages private investment.

### We support:

#### 1. Developing and implementing a balanced budget policy.

- Over the past 50 years, Federal revenue has remained relatively steady, averaging 17.4% percent of gross domestic product (GDP.) [https://www.cbo.gov/sites/default/files/52370-Outlook\\_OneColumn.pdf](https://www.cbo.gov/sites/default/files/52370-Outlook_OneColumn.pdf) In fiscal year 2015, the federal government spent \$3.7 trillion, amounting to 21 percent of the nation's gross domestic product (GDP). <http://www.cbpp.org/research/federal-budget/policy-basics-where-do-our-federal-tax-dollars-go?fa=view&id=1258>
- Interest on American debt now represents the fifth largest item on the federal budget after defense and programs for the elderly (Social Security & Medicare.) <http://www.cbpp.org/cms/?fa=view&id=1258>
- The current debt per taxpayer now exceeds \$165,000. <http://www.usdebtclock.org/>
- The Congressional Budget Office's (CBO's) latest Budget and Economic Outlook indicates that our nation's finances are still on an unsustainable course. If current law remains unchanged, CBO projects that over the next ten years:
  - Debt will remain at levels well above the historical average (74.4% in 2014.) It is currently on a firm upward trajectory and by 2024 is projected to exceed 77 percent of GDP. <https://www.cbo.gov/publication/45653>
  - Although federal revenues will climb as the economy continues to recover, spending will also grow and deficits are projected to rise to almost \$1.4 trillion by 2027. [https://www.cbo.gov/sites/default/files/52370-Outlook\\_OneColumn.pdf](https://www.cbo.gov/sites/default/files/52370-Outlook_OneColumn.pdf)
- Spending increases will be driven by population aging, wars, increases in health care costs, and interest on the debt, which together will cost nearly 80% of U.S. projected revenues.

#### 2. Reforming Medicare and Social Security in a way that will put them on a path to long-term sustainability.

- Too many people take advantage of the current systems and too many conditions are being covered today that were not included in the original legislation implementing these benefit programs.
- Spending under Medicare, Medicaid, (and to a lesser extent Social Security), is projected to rise faster than revenues over the next several decades, creating unsustainable increases in deficits and debt according to the *National Commission on Fiscal Responsibility and Reform* (the

Simpson - Bowles Commission).

- Our Chamber supports a gradual transition of Medicare to a "premium support" <https://www.cbo.gov/publication/44581> or "defined contribution" <http://www.foxbusiness.com/features/2014/11/25/defined-contribution-health-benefits-future.html> program, as well as several cost-saving reforms in the short run:
  - We support:
    - Gradually and predictably increase the age of Medicare eligibility to conform to Social Security's retirement age, beginning after five years.
    - Increase Part B and Part D premiums for seniors from 25 percent to 35 percent over five years.
    - Income-adjust Parts B and D premiums for higher-income enrollees, asking individuals with \$55,000 in income and families with \$110,000 in income to pay a larger share of their Medicare premiums, and phase out premium subsidies for individuals with \$110,000 in income, or for families with \$165,000 in income, immediately.
    - Immediately replace the Medicare Advantage payment formula with pure market-based bidding for the government contribution.
    - Phase in Medicare premium support in three years, five years sooner than proposed in the House budget resolution. <http://www.heritage.org/budget-and-spending/report/blueprint-congressional-fiscal-action-the-remainder-2015>
- Social Security is the largest single program in the federal budget, providing a total of \$905 billion in benefits in 2016 to retired and disabled workers, their eligible dependents, and survivors of deceased workers. The Congressional Budget Office estimates that the average monthly benefit is now \$1,365 for retired workers and \$1,178 for disabled workers. <https://www.cbo.gov/budget-options/2016/52187>
  - We support:
    - Gradually raising the amount of wages subject to payroll taxes, currently at \$127,200 annually;
    - Gradually raising the number of years that an employed individual pays into Social Security before they are eligible to draw retiree benefits, currently at 10 years;
    - Gradually raising the minimum age to begin drawing benefits from 62 to 65;
    - Changing the calculation of annual cost-of-living adjustments (COLAs) for benefits to more accurately reflect inflation (this technical change is proposed for all COLA adjustments in the budget, including the indexation of tax brackets);
    - Slightly reducing the growth in benefits compared to current law for approximately the top 25 percent of beneficiaries;
    - Indexing the benefit formula for increases in life expectancy;
    - Providing better oversight of the disability benefits the program currently provides.
    - Discontinuing the practice of diverting Social Security monies to fund other activities and programs.

**3. Reforming Medicaid and all other government benefit programs in a way that will put them on the path to long-term sustainability.**

- States should be given more leeway to design their own Medicaid programs, either through adequate funding of block grants (with maintenance of effort requirements) or through waivers under the existing program. States like Texas that are experiencing significant increases in population growth (including increased birth rates, increased immigration, and longer life expectancy) would have to be funded at a higher level than those who are not experiencing such rapid growth. Some projections estimate the population of Texas could nearly double by 2050.

**4. Mandating consolidation or elimination of federal agencies and programs to reduce duplication, waste and fraud.**

- Some of the big ticket examples of government waste include: <http://freebeacon.com/the-top-100-examples-of-government-waste/>
  - The federal government made at least \$125 billion in improper payments in FY2014. <https://paymentaccuracy.gov/about-improper-payments>
  - According to Congressional Budget Office (CBO) statistics, Washington spends \$8 billion annually on empty buildings and nearly \$25 billion maintaining all unused or vacant federal properties. <http://www.heritage.org/research/reports/2009/10/50-examples-of-government-waste>
  - The Congressional Budget Office publishes a "Budget Options" series identifying hundreds of billions of dollars in potential spending cuts, but very few have ever been implemented. <https://www.cbo.gov/budget-options/2014>
- Examples from multiple Government Accountability Office (GAO) reports of wasteful duplication and overlap of programing, including: 342 economic development programs; 130 programs serving the disabled; 130 programs serving at-risk youth; 90 early childhood development programs; 75 programs funding international education, cultural, and training exchange activities; and 72 safe water programs. <http://www.gao.gov/products/GAO-14-343SP#mt=e-report&st=2>
- According to the FBI, the cost for Medicare fraud is anywhere from 3 to 10 percent, while the Attorney General estimates \$60 to \$90 billion in fraud in Medicare and almost the same amount in Medicaid fraud -- approaching 20 percent.
- While nowhere near as large as Medicare and Medicaid, the Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) programs are each estimated to be paying about 10 percent of their expenditures in fraudulent claims.
- The U.S. Department of Labor recently released a report claiming that there was some \$7.7 billion in "improper" unemployment benefit payments in 2013.

- A 2011 Pentagon report that shows defense firms over the previous decade defrauded the military to the tune of \$1.1 trillion.
- Many companies and individuals perpetrating this fraud go unpunished or receive minor sanctions. Higher prosecution rates and longer sentences are needed to combat this growing problem.

## Healthcare

Americans want healthcare that is effective, provides for their safety and wellness and is financially sound. Successful healthcare reform should maximize personal choice, slow the escalating cost of care and increase access to health care for more Americans while providing economic stability for individuals, families and businesses. Many of the needed solutions to achieve these goals can be pioneered through the private sector.

### We Support:

#### 1. Reforming the healthcare system so that all citizens are invested in and have access to health services that are affordable, understandable and high-quality.

- a. Replace or amend the Patient Protection and Affordable Care Act (ACA) to create a market-driven healthcare system that reduces the complexity of compliance for patients, providers, insurers and employers.
- b. Promote stability in the insurance marketplace by supporting the employer based insurance plans. According to the National Association of Health Underwriters, more than 175 million Americans receive their health coverage through employer based plans. Continued support of favorable tax treatment of employer paid benefits (full tax deductibility of premiums) as well as expanding small employer tax credits are needed.
- c. Allow states to develop alternatives to health care coverage expansion through a block-grant type mechanism. This flexibility would allow states the flexibility to use federal funds to provide private insurance coverage to working Texans who fall into the income “gap” of making too little to qualify for health insurance subsidies on the federal exchange, yet not meeting qualifications for coverage under the Texas Medicaid program. Such a mechanism would call for increased personal responsibility through the use of health savings accounts and cost sharing at the point of service, as well as requiring individuals to seek employment if unemployed. While reducing the number of uninsured Texans is a priority, we believe Texas must have more flexibility in coverage requirements and plan design in order to assure the program is sustainable.
- d. Develop incentives that encourage and promote personal responsibility for individuals to make healthy lifestyle choices. Personal responsibility is essential as we move toward a healthier population. *We ask you to support expansion of private and/or public sector programs that create or expand incentives to promote personal health responsibility—such as vaccinations, health screenings, tobacco cessation programs, weight reduction and others.* Texas has launched a variety of innovative lifestyle programs through their current 1115 Waiver program and needs the opportunity to continue that work.
- e. Improving value-driven healthcare services for all stakeholders by making the system easier to navigate and increasing user-friendly public access to current, accurate and unbiased medical cost and quality information. With most purchases, consumers usually

ask questions concerning the cost and quality of the product prior to making the buying decision. When it comes to healthcare, this information is inconsistent and hard to find. Health insurance plan deductibles have dramatically increased in the past five years, shifting much of the initial out of pocket medical cost to consumers for services such as MRI's, lab work, and hospital. Having reliable information concerning cost and quality is vital to making informed choices. This information also assists employers as they design benefit plans that steer employees to high quality, low-cost providers such as centers of excellence and narrower networks.

- f. Allow states to address issues around narrow networks and surprise out-of-network charges to consumers.
- g. We support legislation to streamline the employer reporting process required in the Affordable Care Act and to strengthen the eligibility verification process for the health care premium tax credit and subsidy.

**2. Renewing and extending the Texas 1115 Waiver as proposed by Texas Health and Human Services.**

- a. We enthusiastically support the extension of the Texas 1115 Medicaid Transformational Waiver beyond 2016. We support projects to expand access and improve quality (DSRIP projects) and support an *increase in funding* for the Uncompensated Care (UC) Pool to meet the ongoing needs to provide care to the uninsured residents of Texas. Even with the increase in UC pools funds the Waiver extension proposal will keep the state within budget neutrality.

**3. Expanding coverage and services for Behavioral Health, improving the network of crisis stabilization, outpatient and inpatient programs.**

- a. Texas historically has ranked at the bottom of states in per capita mental health funding. The state has too few inpatient beds for patients with severe behavioral health needs, and outpatient behavioral health care services and crisis units are not sufficiently available to serve the needs of Texans. Expand Certified Community Behavioral Health Clinics (CCBHC) to allow Texas to enhance comprehensive, integrated community-based mental and substance use disorder treatment using evidence-based practices to improve outcomes for Texans suffering from serious and persistent mental illness.

**4. Expanding Graduate Medical Education and maintaining the current funding system.**

- a. Texas ranks 42<sup>nd</sup> in the U.S. in the number of physicians per 100,000 population, despite a 30 percent enrollment increase in Texas medical school enrollment in recent years. However, growth in medical residency positions, or Graduate Medical Education (GME), has not kept pace due to Congressionally-imposed caps on Medicare GME funding now in place for two decades. Fortunately, Texas is 3<sup>rd</sup> in the nation in retaining physicians who complete medical school and residency training in-state, at 80.6% (Association of American Medical Colleges).

- b. In order to retain as many of these Texas-trained physicians as possible, GME positions must be increased, especially first year residencies. The Texas Legislature is providing more than \$50 million in the current biennium to expand first-year GME positions, but the limitations on federal funding for GME have hurt growing states like Texas. The current system must be reformed to address an outdated educational model focused on in-patient care and funded based on hospital-centric payment formulas.

**5. Preserving the Critical Access Hospital (CAH) program and other finance mechanisms that sustain rural health care providers.**

- a. The Critical Access Hospital (CAH) program has been in place for more than 15 years and helps keep hospitals throughout rural areas of Texas (including, Navasota, Caldwell and Madisonville) financially stable. Proposals to reduce the cost based reimbursement model would have a significant impact rural Texas hospitals and could more trigger closures. Closure of a rural hospital is a significant economic blow to a small community, eliminating access to nearby 24-hour emergency room for residents and likely cause local physicians to consider leaving the community, given that there is not a hospital to support their practice. The Critical Access Hospital program with its cost-based reimbursement was created to preserve rural hospitals. Any healthcare regulations put in place must keep in mind the special circumstances rural hospitals operate under (limited physician availability, low volumes, and limited post-discharge resources).

**6. Reforming the current Stark Law to: 1) lessen penalties for technical errors; and 2) support new payment models that encourage providers to work together for improving quality, outcomes and efficiency in the delivery of patient care.**

- a. Congress should amend the statute and direct Centers for Medicare & Medicaid Services (CMS) to amend its regulatory guidance to modify the Stark Law to: (1) promote clarity regarding how physician-hospital compensation arrangements should be analyzed; (2) address confusing provisions in the rule; and (3) remove redundancy with other Medicare fraud & abuse laws. Congress should also define a single, comprehensive exception that promotes the effective implementation of the bipartisan Medicare Access and CHIP Reauthorization Act of 2015 (“MACRA”) and facilitates the broader evolution of changes to the nation’s healthcare payment and delivery systems.

## Higher Education & Workforce Training

The work being done by Texas A&M University and Blinn College, the Bryan/College Station business community and our local governments should be considered a model of how public/private partnerships are working to share the responsibility of developing dynamic and diverse local economies. Federally supported research helps develop new and advanced technologies and helps to build local business.

### We support:

- 1. Funding activities that produce invaluable economic impact through the commercialization of research into new technologies, leading to new businesses, quality jobs and a highly skilled workforce.**
  - a. Increase Investment in Existing Workforce Education Programs: Community colleges rely heavily on several federal workforce programs, all of which are funded well below their historic highs, despite an increased need for these programs and services that often far outstrips the resources currently provided.
    - i. Perkins Career and Technical Education (CTE) Basic State Grants: Perkins Act resources flow through state agencies to local secondary and postsecondary education institutions to support improvement of CTE programs at each level and bolster the connections between programs.
    - ii. Workforce Innovation and Opportunity Act (WIOA) Title I Programs: These programs provide formula funding to train and otherwise assist dislocated workers, low-income adults and at-risk youth.
    - iii. Adult Education and Family Literacy Act (AEFLA): Authorized in Title II of WIOA, the AEFLA program helps adults attain basic literacy, numeracy and English language skills, G.E.D. certificates, and helps them make the transition to postsecondary education.
- 2. Initiatives that place a priority on research and development funding, such as projects funded by the National Science Foundation and the National Institutes of Health, as well as extramural research at mission agencies.**
- 3. Increasing funding for the Advanced Technological Education (ATE) program at the National Science Foundation and including community colleges in efforts to bolster America's competitiveness in science, technology, engineering and mathematics (STEM) fields.**
  - a. Explanation of the Advanced Technological Education (ATE) Program: With an emphasis on two-year colleges, the Advanced Technological Education (ATE) program focuses on the education of technicians for the high-technology fields that drive our nation's economy. The program involves partnerships between academic institutions and industry to promote improvement in the education of science and engineering technicians at the undergraduate and secondary school levels. The ATE program supports curriculum development; professional development of college faculty and secondary school teachers; career pathways to two-year colleges from secondary schools and from two-year colleges to four-year institutions; and other activities. Another goal is articulation between two-year and four-year programs for K-12

prospective STEM teachers that focus on technological education. The program invites research proposals that advance the knowledge base related to technician education. [http://www.nsf.gov/funding/pgm\\_summ.jsp?pims\\_id=5464](http://www.nsf.gov/funding/pgm_summ.jsp?pims_id=5464)

**4. Strengthening and funding programs dedicated to supporting and expanding innovative community colleges, veterans training, student financial aid and industry partnerships.**

- a. Reestablish Direct Federal Support for Community College Training Programs: From 2005 to 2014, the federal government provided competitive grant funds to community colleges to help them expand and improve their capacity to train workers for quality jobs. Starting with the Community-Based Job Training Grants and continuing with the Trade Adjustment Assistance Community College and Career Training Grants (TAACCCT), the last two administrations, from different political parties, have shown a commitment to direct support for community colleges in this vital mission. The uses of program funds would be relatively flexible and include faculty and curriculum development to align programs with industry needs; equipment and infrastructure expansion and modernization; development of innovative program designs, such as competency-based models, apprenticeships, and other workplace learning; and facilitation of broad-based college/business coalitions, including sector-based initiatives.
- b. Strengthen the Pell Grant Program: The Federal Pell Grant Program is the most important source of support for low- and middle-income students seeking to pursue higher education. Research continues to show that access to, and success in, college are highly correlated to family income. Approximately 38% of community college students receive Pell Grants—more than 3 million each year—with the majority receiving the maximum grant. In addition to tuition and fees, Pell Grants help pay for books and equipment, transportation, and living expenses. This is especially important for community college students, whose non-tuition costs are often greater than tuition. In the last 8 years, the maximum Pell Grant has grown substantially, from \$4,310 to the current \$5,815. However, more can be done to strengthen the program to better assist today's students.
  - i. Reinststate the Year-Round Pell Grant: After being in existence for just a year, in 2011 Congress eliminated the ability of students to receive additional Pell funds during an award year if they wished to attend school year-round. Community college leaders strongly believe that year-round Pell would help students both complete their programs more rapidly and in greater numbers.
  - ii. Ensure that the Pell Grant Maximum Keeps Pace with Inflation: For the last several years, the Pell Grant maximum award has been indexed to the Consumer Price Index, paid for with mandatory funding. Absent further action, these increases will stop after the 2017–18 award year, and increases in the maximum grant will have to come from additional appropriations. The indexing of the Pell Grant has helped to ensure its value at a time when higher education and associated costs have continued to rise. A Pell Grant maximum award indexed to a higher education price index (which is keyed to the costs of attending college) would ensure that the program is sustaining support to

students. Pell Grants are synonymous with higher education opportunity and this change will help ensure that this opportunity is maintained.

- iii. Adapt the Pell Grant Program to New and Additional Educational Offerings: Higher education is rapidly evolving, as students, institutions, employers, and others are closely examining the educational offerings and outcomes of a growing number of entities. Innovations such as competency-based education, micro and stackable credentials, training directed to industry certifications, and other advances are occurring continuously.
- c. Authorize and fund a program dedicated to supporting and expanding innovative community college and industry partnerships.

## Transportation

Transportation impacts every aspect of daily life and the U.S. infrastructure is constantly strained. The priority for infrastructure must not only be its maintenance, it must also allow for expansion in areas of high growth during times when rapid economic development and population expansion occur.

### We support:

- 1. Prioritizing transportation funding for projects approved through a local planning process governed by local elected officials at Metropolitan Planning Organizations (MPOs) and Rural Planning Organizations (RPOs).**
  - a. At the heart of every decision are local elected officials. The decisions made by those most closely associated with the electorate are often better supported in the long run. When decisions are only made by state or federal agencies it often results in the locals having to accept those decisions whether they like it or not.
  - b. When local government, MPO's and RPO's are allowed to debate, discuss and act on what their local priorities are, then state agencies are clear on what decisions to implement. That being said, local governments, MPO's and RPO's must conduct their decision making in full view of and with the engagement of the public AND state/federal agencies. This process would include the state and feds' need for the consideration of statewide or national implications of their decisions. Sometimes, the larger good must be undertaken in spite of local desires but all the while there must be full engagement of all those affected to the benefit of all, i.e., fair and equitable compromises need to be encouraged. A healthy local planning process is one way to strengthen this.
  
- 2. Developing new funding mechanisms and implementing an equitable funding formula.**
  - a. The B/CS Chamber is not opposed to new forms of funding transportation. We supported with great vigor the Propositions that will provide billions to the state's transportation system. However, this does little to nothing for local governments. It also does not provide all the funding needed according to even the most conservative estimates. We feel that with gas prices so low the conversation on fuel tax could at least be had. Couldn't it?
  - b. Having a local option for vehicle registrations would be helpful to those areas seeing a large influx of new residents. If local governments had additional resources to do the preliminary engineering and Right of Way acquisition, then state and federal dollars could be concentrated on construction and plan implementation. The state should recognize that a local option sales/fuel tax should be the decision of Each and Every local government, not just those of a certain large size. If the legislature allows bigger cities to use this method to raise capital for transportation then why shouldn't small and medium sized communities also be afforded that opportunity?
  
- 3. Making roads safer through implementation of improved technologies such as intelligent transportation systems (ITS) and other advancements.**
  - a. Building isn't always the answer. Implementing strategies to mitigate traffic and congestion can have some effect to improve the efficiency of the transportation network. Signal timing, event management, offset work schedules, bus rapid transit, rideshare, "road diets", connected vehicles and strategic land use decisions are acceptable methods in certain situations to glean greater capacity and efficiency out of the existing road system.
  - b. On a statewide level, the deployment of Intelligent Transportation Systems can add to this. Changeable message boards, video cameras, transportation operations centers

and roadside assistance can work together to keep traffic flowing and make for a more reliable network.

**4. Streamlining environmental approvals.**

- a. This bullet is just what it says. Sadly, it can take years to gain approval over the very detailed process of considering all the federal requirements with respect to environmental and historical study and analysis. More use of Categorical Exclusions (1<sup>st</sup> of 3 levels and simplest level of environmental analysis used by state and federal agencies to explain a project in environmental terms) should be emphasized. The next tier should be Environmental Analyses. Only in extreme cases should a full blown Environmental Impact Statement be authorized.

**5. Encouraging public and private High Speed Rail development, including expediting rule-making to allow for the most current rail technologies, construction materials and modern design.**

- a. Texas is growing. Texas is changing. History has proved that for communities on a trade route, prosperity is better able to take hold and grow that community for the better. Most of Texas' major metro areas grew up due in large part to historical trade routes. Dallas had rail heads and interstate highways. Houston had the ship channel and interstate highways. Bryan/College Station had ferry traffic and a rail head. But we were passed by on the Interstate map. We were passed by on I-69. We were passed by on the Texas T-bone rail concept. But having this jewel of privately funding High Speed Rail with a stop in Aggieland, it will be a boon to our economy and will usher in the newest form of low cost travel to our region. The tax base alone in our neighboring counties will cause all their property rates to actually decrease. This project will lower taxes! Lower taxes means more money in circulation for Bryan/College Station as the regional hub for business and commerce.
- b. The Texas Central High Speed Rail line will contribute to our growing success. Texas should embrace this as an alternative to congested highways and air travel routes. This will even have a component of a tourist attraction due to the fact there is nothing like it in the United States. This endeavor is bold. It's fresh. It's time has come. Texas must not be afraid or cower to new ideas. We must embrace them and make them uniquely "Texas". We will lead the nation, set the example and prove that good 'ol Texas "know-how" can make a difference for the better. We support high speed rail and will work to see it become a reality.

**6. Proper funding and increased authorization for IH-14 to be extended eastward to I-45.**

## Regulatory & Tax Burdens on Business

Recent studies have shown that more than 20,000 new regulations were added during the first seven years of the Obama Administration costing U.S. businesses more than \$22 billion dollars for annual compliance. This over-regulation, combined with a complex and inefficient tax code, makes it exceedingly difficult to do business in the U.S.

### We support:

#### 1. Implementing comprehensive tax reforms that help U.S. companies to better compete in the global marketplace, such as lowering tax rates and reducing taxation of repatriated funds.

- a. At 39.1%, the United States has the third highest general top marginal corporate income tax rate in the world and the highest corporate income tax rate among the 34 industrialized nations of the Organization for Economic Cooperation and Development. This makes America unappealing in the competition for businesses and jobs.
- b. Taxes on small businesses are often collected at high rates on owners' individual tax returns. Instead, taxes should be collected at the entity level and rates reduced to 25%, which would help business to grow and create jobs.
- c. Businesses typically must deduct the cost of investments in new plants and equipment over years. Shortening or eliminating the depreciation period would reduce the tax bias against business investment, increasing business investment, competitiveness, and future wage growth through higher worker productivity.
- d. The Alternative Minimum Tax (AMT) is a secondary income tax system without purpose or justification that now threatens to ensnare middle-income families. Eliminating the AMT from individual and corporate income taxes would simplify the tax code and prevent an unintended tax hike.
- e. Tax reform changes should be permanent or long-term to ensure certainty for businesses striving to expand, create jobs, and remain competitive in the United States and abroad.
- f. The estate tax creates a significant financial impact for small businesses and family farms. Estates that consist largely of family-owned businesses are the most vulnerable to the death tax. The value of the portion of a business owned by a deceased person, including the business's assets, such as equipment and property, is included in their estate. The high value of these assets often leads to disruption and unfair taxation for family-owned businesses.

#### 2. Establishing e-fairness legislation and taxation of online and mail order sales through a standardized definition of the taxing jurisdiction site.

- a. That market has changed dramatically since 1992, when the Supreme Court's Quill decision posited that remote sellers – such as Internet retailers – were not required to collect sales taxes for sales made to customers located in states where the seller did not have a physical presence. At the time of the decision, it was considered too difficult for remote sellers to collect and remit taxes to so many different jurisdictions. That is no longer true. Technology exists today that allows online businesses of all sizes to quickly and efficiently calculate taxes due on sales.
- b. We firmly believe it is the responsibility of state leaders to uniformly and fairly enforce sales tax laws by requiring all retailers—whether they operate online, in bricks-and-mortar stores, or a combination of both—to fulfill their obligation to collect sales tax.

- c. Please support legislation to authorize states to require all sellers (unless qualifying for a small-seller exception) to collect and remit sales and use taxes with respect to “remote sales.” Remote sales are the sale of goods or services into a state in which the seller would not legally be required to pay, collect, or remit state or local sales and use taxes.

**3. Replacing or amending the Dodd-Frank Wall Street and Consumer Protection Act of 2010, to reduce the cost and complexity of compliance for employers and allow banks to start lending again.**

- a. Dodd-Frank strips the banking industry of the ability to engage in proprietary trading (the trading of fixed-income securities for the banks’ own accounts. Removing the entire U.S. banking community from this market will reduce liquidity and widen spreads for all buyers and sellers of these instruments. Ultimately, it will move this business offshore.
- b. It authorizes a group of regulators, the Financial Stability Oversight Council, to designate certain large financial institutions as potential causes of financial stability and thus too big to fail. This would give these companies major competitive advantages over smaller companies, and forever change the competitive nature of our financial system.
- c. It could ultimately give the Fed the authority to regulate and supervise all these too-big-to-fail firms and thus control the major financial institutions in the U.S. economy. This extraordinary power makes possible a potential abuse that has never before existed in the United States—a partnership between the government and the nation’s largest financial firms, in which the government protects them from failure if they support the government’s policies.
- d. It imposes new and costly regulations on derivatives, which many financial institutions and others use to hedge their risks.
- e. It creates the Consumer Financial Protection Bureau (CFPB), which has the power to regulate and control all relationships between financial firms and consumers. This agency has the broadest mandate and longest reach of any agency in Washington, yet it has been placed completely beyond Congress’ and the President’s ability to control through funding, seeming to violate the constitutional scheme for the separation and balancing of powers.
- f. It requires the regulatory agencies to produce well over 200 regulations, which will take years. Meanwhile, the uncertainties created by the absence of regulations interpreting the broad language of the act are likely to be the principal reason for the agonizingly slow recovery of employment from the recent recession.

**4. Eliminating or scaling back the EPA's "cross state" pollution regulations and requiring thorough Regulatory Impact Analyses (RIA) for all EPA proposed regulations.**

- a. The Cross State Air Pollution Rule (CSAPR) is far more stringent than the abandoned Clean Air Interstate Rule because of the different trading restrictions used in CSAPR.
- b. The likely impact on the power plant industry will be an unprecedented set of new costly and capital intensive requirements that will increase electricity costs for many consumers.
- c. Most utilities owning coal-fired plants will face a decision to either retrofit the plant with new control equipment or convert/replace it with a new fuel source, also significantly increasing costs to consumers.
- d. Many of EPA's costly regulations threaten America's economic and national security and job creation, while providing little or no significant environmental benefit. Conducting more and better cost-benefit analyses of proposed regulations is in the best interest of the American people and Congressional oversight of the cost/benefit analyses should be required.

**5. Eliminating unfunded mandates on state and local governments.**

- a. Unfunded mandates impose costs on state, cities and counties to provide infrastructure, public safety and quality of life programs, which forces cuts in services or tax increases.
- b. Instead of oppressive mandates, we need solutions like block grants and the freedom to improve health care delivery, with innovation and flexibility, while allowing local elected officials to make local decisions.
- c. Support legislation which amends the Unfunded Mandates Reform Act (UMRA) to further limit federal mandates that may impose undue harm on state, local, and tribal governments and the private sector.

**6. Reducing regulations in order to increase energy production from federal lands with revenues dedicated to infrastructure development.**

- a. According to a 2016 report from the Congressional Research Service (CRS), oil and natural gas revenues generated from federally-owned lands has lagged “proportionally” far behind the revenues being generated on commercial and private lands. This is largely due to the lack of priority and reductions in permitting during the Obama administration. These hurdles could be easily overcome by changes from the Trump administration or a unified Congress.
- b. Multiple roadblocks to development have been the result of EPA overreach and a “faster than necessary” shift in priority from fossil fuels to clean energy. The EPA Application for Permit to Drill (APD) often takes years and millions of dollars to complete, rendering many viable energy projects dead before they start.
- c. Multiple proposals have been brought before the White House and Congress in recent years to jump start energy production on federal lands such, as more leasing primarily in the Gulf of Mexico Outer Continental Shelf (OCS) and leasing lands for private companies to route pipelines from oil and gas fields to shipping ports. Few of these proposals ever make it past the EPA permitting process or a divided Congress.
- d. There are an estimated 5.3 billion barrels of proved oil reserves located on federal acreage onshore and another 4.3 billion barrels of proved reserves offshore (nearly all in the Gulf of Mexico). Even at current oil prices, extraction and sale of this oil (not including natural gas and other resources) would yield hundreds of billions of dollars in federal revenues.
- e. The estimated trillions of dollars in oil, gas and rare minerals under federally held lands could be used to provide badly needed infrastructure repairs to use U.S. roads, bridges and airport runways if Congress and the Trump administration would pass the necessary legislation to put this solution in place on a long-term basis.

**7. Preserving the municipal exemption in Section 224 of the Communications Act regarding the federal pole attachment rate.**

- a. We support the Federal Communications Commission’s (FCC) National Broadband Plan (NBP) goal of ensuring every American has access to broadband capability, which has spurred on the rapid push for development of 5G technology. However, we strongly disagree with the FCC’s assertion in the NBP that Congress should consider eliminating the municipal/cooperative exemption in Section 224 of the Communications Act in order to “create a uniform policy for broadband access to privately owned infrastructure.”

- b. Congress granted this exemption to public power utilities, as well as electric cooperatives, because they are consumer owned, not-for-profit, and accountable to their customers.
- c. Communications companies with concerns about rates or the make-ready process can go directly to a utility board and/or to the city council and seek settlement of differences or disagreements at the local level.
- d. The FCC provided no evidence that the exemption is an impediment to broadband deployment, and ignored Congress's long-held belief that the pole attachment rates charged by municipally owned and cooperative utilities are reasonable because they are "subject to a decision-making process based upon constituent needs and interests."