

Thank you Chairman Neal and Ranking Member Brady for holding this Member Day hearing. I greatly appreciate this opportunity to testify.

I want to begin by discussing the need to adjust the cap that was placed on the deduction of State and Local Taxes - commonly called SALT - in the 2017 tax law. The \$10,000 SALT cap has unduly harmed residents of my district, especially families, because it applies to both individual and to joint filers. I have recently introduced legislation, H.R. 2894, that would increase the cap on the SALT deduction from \$10,000 to \$15,000 for individual filers and eliminate the marriage penalty by allowing couples filing jointly to deduct up to \$30,000. It would also tie the cap to inflation so the value is not diminished over time. The cost would be offset by a modest increase in the corporate tax rate, which

was significantly lowered from 35 to 21 percent in the 2017 tax bill. Almost 11 million taxpayers in states like Illinois lost out on \$323 billion in deductions last year because of the SALT deduction cap, according to Treasury Department estimates. My bill is a commonsense fix to this problem faced by many families in high tax states, and it doesn't add to the deficit.

Families are also very concerned about fixing our transportation infrastructure. In order to do this, we must erase the deficit in the Highway Trust Fund. The Transportation and Infrastructure Committee - on which I serve - has begun its work on a multi-year surface transportation reauthorization bill that must be completed by September 30 of next year. If we fail to act to bring more

revenue into the Trust Fund, we face a 28% decrease in federal funding for roads and public transit over the next five years. We cannot allow funding to fall off this cliff. We must come to an agreement. Or else we face the specter of more crumbling roads and bridges, as well as cuts in transit.

As Chairman of the House Transportation and Infrastructure Subcommittee on Railroads, Pipelines and Hazardous Materials, I also want to briefly highlight an important rail infrastructure issue, the short line railroad 45G tax credit. For those not familiar with the issue, short line railroads are mid-size or small railroads that usually directly link industrial customers, such as automobile factories or agriculture processing plants, to larger Class I railroads that move those goods to markets across the country. These railroads also can link two larger Class I

railroads. In providing this service, short line railroads are a vital part of the American freight movement ecosystem and our economy. These railroads and their suppliers support more than 61,000 jobs in the U.S. and add \$6.5 billion annually to the U.S. economy. Across the country, there are 478,000 jobs at customer locations that require short line services, driving \$26.1 billion in labor income and \$56.2 billion in economic value-add.

The 45G Tax Credit incentivizes short line railroads to invest capital to maintain and expand rail-lines by providing a credit of 50 cents for each dollar they invest in track and bridge improvements, capped at \$3,500 per mile. The American Short Line Railroad Association has found that the 45G credit has spurred \$4B in infrastructure investment

since 2005; much of that investment would not have been possible without the credit.

Unfortunately, this credit has been expired since December 2017. So one step I am asking for is to retroactively extend the credit to cover the investments made since January 2018.

This would not be the first time that this credit was made retroactive. But we can make it the last time. H.R. 510, the Brace Act, would make the 45G tax credit retroactive and permanent. You probably won't find a more bipartisan bill.

There are 210 cosponsors currently, 106 Democrats and 104 Republicans. I look forward to working with the Committee to extend and make permanent the 45G tax credit as part of a tax extenders package or even a transportation infrastructure bill.

**Thank you again Chairman Neal and Ranking Member
Brady for the opportunity to testify today.**