



April 14, 2015

The Honorable Orrin Hatch
Chairman, Committee on Finance
104 Hart Senate Office Building
Washington, DC 20150-6200

The Honorable Ron Wyden
Ranking Member, Committee on Finance
221 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Hatch, Ranking Member Wyden and Members of the Business Income Tax Working Group:

The National School Transportation Association (NSTA) appreciates the opportunity to provide comments to the Chairman's tax reform proposal related to certain energy tax provisions. We commend your efforts to simplify and reform the tax code.

NSTA is a trade organization representing school bus contractors; that is, private companies that own and operate school buses and contract with school districts to provide pupil transportation. For 50 years, it has been dedicated to safe, secure and efficient transportation of children, and works to foster improvements in all areas of pupil transportation. Members range from small companies with ten buses or less to large corporate entities operating as many as 60,000 school buses in multiple states. Private school bus companies provide approximately one-third of the nation's school bus service. NSTA's members enable school districts to focus their resources and talent on their core function of education, leaving pupil transportation in the secure hands of transportation professionals. Every year, nearly 480,000 school buses travel 4.3 billion miles to transport almost 25 million children to and from school and school-related activities. The US school transportation fleet has more vehicles than transit bus and rail, motorcoaches and aviation combined.

Our comments:

- Since 1978, Congress has exempted school bus transportation, public transit vehicles and motor-coaches (partial) from Federal diesel fuel taxes in an effort to encourage greater use of public transportation, save energy and reduce pollution and congestion. The rationale for continuing the Federal fuel tax exemption has never been greater. The average school bus takes 36 cars off the road. School buses are cleaner than ever, save fuel, are cost-effective and most importantly, save lives. The value of the school bus transportation fuel tax exemption is \$150 million per year. NSTA supports continuation of the federal fuel tax exemption for school bus transportation.

- We also favor making bonus depreciation permanent to all for acceleration of business investment in capital improvement needed to sustain growth and stimulate job growth and economy.
- While the majority of NSTA members primarily rely on diesel as the fuel of choice for powering vehicles used to transport school children, a number of our members have used biodiesel and biodiesel blends to power their diesel vehicles or purchased vehicles that use alternative fuels such as propane and compressed natural gas. NSTA supports an extension of the tax credit for alternative transportation fuels sold or used by the taxpayer as a transportation fuel.
 - The advantages of renewable and alternative fuels include not just lower greenhouse gas and other emissions but enhanced energy security using abundant domestic supplies and reduced dependence of foreign oil.
 - However, with respect to the use of alternative fueled vehicles, we note that such vehicles are often significantly more expensive than conventional diesel and the decision to switch to an alternative fueled vehicle is often driven by lower fuel costs and tax considerations, including the value of the alternative fuel tax incentives.
 - Without a continuation of these incentives, the payback period for the higher investment costs for these vehicles would be significantly longer and the absence of the tax incentive would greatly reduce the number of our members willing to make the transition to alternative fueled vehicles.
- Further, NSTA does not support repeal of tax incentives to promote oil and gas development as has been proposed by some because these incentives help to encourage development of the nation's critical energy resources and help to lower the high cost of fuel used by our membership.

We appreciate your consideration of these comments and look forward to further discussion with you and your staffs as the process moves forward.

Sincerely,



Ronna Weber
Executive Director