

June 4, 2025

The Honorable John Thune
Senate Majority Leader
511 Dirksen Senate Office Building
Washington DC 20510

The Honorable Chuck Schumer
Senate Minority Leader
322 Hart Senate Office Building
Washington DC 20510

Dear Majority Leader Thune and Minority Leader Schumer,

The National Asphalt Pavement Association (NAPA) appreciates the Congress's work on tax reform under the Budget Reconciliation process, and endorses the *"One, Big, Beautiful Bill"* that the House is working to pass. While there are many tax reforms outlined in the bill, the asphalt industry would like to share a few policies we had flagged previously that support our industry's growth and ensure viable long-term federal infrastructure investment. As you know, the asphalt industry is ubiquitous with the economic health and competitiveness of our country, as our pavements literally pave the way for domestic manufacturing expansion, energy production growth and connected communities via our national roadway network. In 2022, our nation's road and bridge network facilitated the movement of over 19 billion pounds of freight worth an estimated \$18 trillion – 72% of our nation's cargo.

This critical highway system relies on funding from Congress via the highway trust fund. Since its inception, the highway trust fund has been a user-based system, meaning funding for maintenance and construction of the network comes from the highway users. These revenues are primarily derived from gas and diesel taxes as well as truck excise taxes, however, over the last 2 decades, declines in revenues have created significant budget shortfalls within the trust fund. Revenues from the trust fund have not been adjusted since the gas tax was raised in 1993 and each year these revenues decline due to a more fuel-efficient fleet and an increase in electric vehicles. Currently, those electric vehicles do not pay a federal user-fee, although, 38 states around the country have implemented a similar fee.

As you know, the House Transportation and Infrastructure Committee included new revenues from EV and Hybrid vehicles in its portion of the budget reconciliation package. These new revenues are estimated to bring in \$38 billion over 10 years. Although this is not enough to make up the estimated \$250 billion dollar shortfall, it is a step in the right direction and ensures that all road users are paying into the system. We encourage and support the Senate to include these new revenues in the Senate's reconciliation bill and ensure they are solely allocated to the highway trust fund.

The House Bill also includes several key tax provisions that will allow asphalt producers and contractors, both small and large businesses, to thrive. These include the following;

Small Business Deduction Extension:

NAPA supports the extension of Section 199A as outlined in the bill with a 23% deduction for qualified business income. This is an increase of 3% compared to the *Tax Cut and Jobs Act* policies, and given the program was set to expire, providing a new lease on this program for an additional five years is critical to the vast majority of our industry; in fact, over 96 percent of NAPA's asphalt producers are either a small business, or family business/private-owned, which accounts for roughly 185M tons of asphalt production annually in the United States.

Estate/Death Tax:

Since countless NAPA member companies and family/multi-generational, doubling the “death tax” exemption amount to \$15M is critical for families who wish to pass their business legacy to future generations. Further, indexing the exemption to inflation will ensure this exemption can be used effectively, regardless of timing.

Bonus Depreciation:

Asphalt producers must invest in heavy equipment to properly manufacture, transport and deploy our various pavement materials, which are capital intensive and represent massive commitments to other manufacturing sectors for their machinery and services – financial commitments benefiting our national economy. Given the financing and investing required to successfully grow asphalt operations, NAPA supports the bill’s extension of bonus depreciation for another five years, which will be key given this Congress must pass a highway reauthorization package before the end of next year.

Research & Development (R&D) Tax Credits:

Like many other industries, asphalt producers and contractors expend countless resources towards research, like asphalt mixes and improving plant efficiencies and product transport. These advances have led to various benefits, including maximizing performance of reclaimed asphalt product (RAP), which now accounts for over 90M tons annually on our roads – saving State DOTs over \$3B annually. NAPA supports the bill’s five-year extension for R&D tax credits that will ultimately help our local, state and federal customers save on their pavement mix designs.

Thank you again for your consideration and please consider the asphalt industry as a resource. NAPA stands ready to continue collaboration with you and colleagues on these important tax reforms.

Sincerely,



Nile Elam
Vice President of Government Affairs
National Asphalt Pavement Association

CC: Senate Finance Committee