March 20, 2019

Dear Chairman Neal and Ranking Member Brady,

The organizations listed above representing state and local governments and other tax-exempt bond issuers, borrowers and municipal market professionals, applaud your efforts to highlight and find solutions for the country’s infrastructure needs. Our members rely substantially on federal engagement, especially in the all-important tax exemption for municipal bonds, to access capital and provide for their communities and institutions.

As you noted in the March 6 hearing, it will take billions of dollars of investment to adequately fund the infrastructure needs of cities, counties, states, education, transportation authorities, hospitals, utilities, housing, and other essential capital structures in our country. The federal government can help communities implement their unique infrastructure decisions through access to low cost capital in a number of ways, including:

- Maintain the tax-exemption for all municipal securities;
- Reinstate the ability for governments and other qualifying entities to advance refund tax-exempt municipal bonds;
- For small issuers and borrowers, increase the bank qualified limit from $10m to $30m, and have it apply at the borrower level;
• End current sequestration of Build America Bonds and ensure future direct pay bonds are not adversely impacted by sequestration;
• Allow for additional bond programs to enhance infrastructure funding; and
• Make technical changes to the tax code that will facilitate the issuance of tax-exempt bonds

Governments and entities issue tax-exempt bonds to pay for capital needs, not to fill budget gaps or spend funds without a direct purpose for taxpayers. The incentives that exist in the tax code since the first tax code was enacted have proved to be an effective example of the federal-state-local government partnership. By issuing tax-exempt debt rather than taxable debt, tens of thousands of governments have saved billions of dollars over the years. Without these savings, citizens would see a reduction in the infrastructure that state and local government provide or a direct increase in their taxes and rates in order to make debt service payments.

While this Committee and others in Congress look at many options to address country’s infrastructure needs, we encourage you to maintain the tax exemption on municipal bonds and look for ways to better utilize the laws related to municipal bonds. We stand ready to help you explore those options. State and local governments provide the majority of our country’s infrastructure through the issuance of tax-exempt bonds. We look forward to continuing the conversation about how all levels of government can work together to best serve the citizens we represent.

Sincerely,

Government Finance Officers Association, Emily Swenson Brock, 202-393-8467
American Hospital Association, Mike Rock, 202-638-1100
American Planning Association, Jason Jordan, 202-349-1005
American Public Power Association, John Godfrey, 202-467-2929
American Public Works Association, Andrea Eales, 202-408-9541
American Society of Civil Engineers, Joe Brady, 202-789-7852
American Water Works Association, G. Tracy Mehan, III, 202-326-6125
Association of Metropolitan Water Agencies, Dan Hartnett, 202-331-2820
International City/County Management Association, Elizbath Kellar, 202-962-3611
International Municipal Lawyers Association, Chuck Thompson, 202-466-5424
International Public Management Association for Human Resources, Neil Reichenberg, 703-549-7100
Large Public Power Council, John DeStasio, 512-707-1010
National Assn of Health & Educational Facilities Finance Authorities, Chuck Samuels, 202-434-7311
National Assn of State Auditors, Comptrollers and Treasurers, Cornelia Chebinou, 202 624-5451
National Association of Clean Water Agencies, Kristina Surfus, 202-833-4655
National Association of College and University Business Officers, Elizabeth Clark, 202-861-2553
National Association of Counties, Jack Peterson, 202-661-8805
National Association of Municipal Advisors, Susan Gaffney, 703-395-4896
National Association of Regional Councils, Leslie Wollock, 202-618-5696
National Association of State Treasurers, Shaun Snyder, 202-744-6663
National Association of Towns and Townships, Aindriu Colgan, 202-454-3947
National Community Development Association, Vicki Watson, 540-656-9552
National Council of State Housing Agencies, Garth Rieman, 202-624-7710
National League of Cities, Brian Egan, 202-626-3107
National School Boards Association, Deborah Rigsby, 703-838-6208
The United States Conference of Mayors, Larry Jones, 202-861-6709
Attachments:
*Understanding Financing Options Used for Public Infrastructure*, The Public Finance Network: https://www.gfoa.org/understanding-financing-options-used-public-infrastructure