

**Government Finance Officers Association  
United States Conference of Mayors  
National Association of State Treasurers  
National Association of Counties  
National League of Cities  
American Hospital Association  
Airports Council International – North America  
National Community Development Association  
American Public Power Association  
International Public Management Association for Human Resources  
National Association of College and University Business Officers  
American Society of Civil Engineers  
National Association of Health and Educational Facilities Finance Authorities  
Large Public Power Council  
National Association for County Community and Economic Development  
National Association of Local Housing Finance Agencies  
National Association of Bond Lawyers  
National Association of Municipal Advisors  
National Council of State Housing Agencies  
National School Boards Association  
Association of American Medical Colleges  
International Municipal Lawyers Association  
American Public Works Association  
National Association of Towns and Townships  
National Association of State Auditors, Comptrollers and Treasurers  
National Association of Regional Councils**

The Honorable Kevin Brady  
Chairman  
House Ways and Means Committee  
1011 Longworth House Office Building  
Washington, DC 20515

November 6, 2017

Dear Chairman Brady:

On behalf of the national organizations listed above, which represent hundreds of thousands of members of the municipal bond issuer and user community and professionals who work for issuers, we write to express our opposition to provisions in H.R. 1 that eliminate financing tools utilized by State and local governments, schools, hospitals, airports and special districts and other public sector entities to provide critical investments in infrastructure and save taxpayer money.

Municipal bonds are a means to finance vital infrastructure used by state and local governments. As public issuers, we have grave concern over the bond provisions in H.R. 1. In particular, there are two provisions where we strongly urge your reconsideration: (1) the repeal of the ability to advance refund municipal bonds and (2) the termination of the ability to use private activity bonds (PABs).

The ability to advance refund outstanding bonds provides substantial savings to taxpayers throughout the country. Under current law, governmental bonds and 501(c)(3) bonds are permitted one advance refunding. This allows public issuers to take advantage of fluctuations in interest rates to realize considerable savings on debt service, which ultimately benefits taxpayers. GFOA best practices recommend minimum savings thresholds on a present value basis of 3-5 percent when advance refunding municipal securities. In 2016, the advance refunding of more than \$120 billion of municipal securities saved taxpayers at least \$3 billion.

PABs are widely used for airport and seaport projects, affordable housing, nonprofit health, and education facilities, all of which contribute to vibrant local communities. In 2016, over \$72 billion in PABs used largely by nonprofit hospitals and universities were issued and in the same year over \$12 billion were issued to support airports, housing, and rural public cooperatives. By eliminating PABs, the federal government is dictating to states and local governments the types of financing methods they may use, thereby undermining vital projects that provide essential public services.

For these reasons, we urge you to oppose the inclusion of these Subtitle G provisions in the final bill.

Sincerely,

Government Finance Officers Association, Emily Swenson Brock, 202-393-8467  
Airports Council International – North America, Annie Russo, 202-293-8500  
American Hospital Association, Mike Rock, 202-638-1100  
American Public Power Association, John Godfrey, 202-467-2929  
American Public Works Association, Andrea Eales, 202-408-9541  
American Society of Civil Engineers, Brian Pallasch, 202-789-7852  
Association of American Medical Colleges, Karen Fisher, 202-828-0525  
International Municipal Lawyers Association, Charles W. Thompson, Jr., 202-466-5424  
International Public Management Association for Human Resources, Neil Reichenberg, 703-549-7100  
Large Public Power Council, Noreen Riche-Carter, 916-732-6509  
National Assoc. for County Community and Economic Development, Heather Voorman, 202-367-2405  
National Assoc. of Health and Educational Facilities Finance Authorities, Chuck Samuels, 202-434-7311  
National Association of Bond Lawyers, Jessica Giroux, 202-503-3303  
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 Local Housing Finance Agencies, Heather Voorman, 202-367-2405  
National Association of Municipal Advisors, Susan Gaffney, 703-395-4896  
National Association of Regional Councils, Leslie Wollack, 202-618-6363  
National Association of State Auditors, Comptrollers and Treasurers, Cornelia Chebinou, 202-624-5451  
National Association of State Treasurers, Preston Weyland, 202-347-3863  
National Association of Towns and Townships, Jennifer Imo, 202-454-3947  
National Community Development Association, Vicki Watson 202656-9552  
National Council of State Housing Agencies, Garth Rieman, 202624-7710  
National League of Cities, Mike Wallace, 202-626-3023  
National School Boards Association, Deborah Rigsby, 703-838-6208  
United States Conference of Mayors, Larry Jones, 202-861-6709

Attachment: Volume of Advance Refunding Bonds and Private Activity Bonds (PABs)

**ADVANCE REFUNDINGS**

| <b>TIME PERIOD</b> | <b>Par Amount (US\$ mil)</b> | <b>Mkt. Share</b> | <b>Number of Issues</b> |
|--------------------|------------------------------|-------------------|-------------------------|
| <b>2012</b>        | 73,205.0                     | 18.6              | 1,989                   |
| <b>2013</b>        | 49,418.4                     | 12.6              | 1,424                   |
| <b>2014</b>        | 59,211.9                     | 15.0              | 1,265                   |
| <b>2015</b>        | 91,825.8                     | 23.3              | 1,792                   |
| <b>2016</b>        | 120,083.3                    | 30.5              | 2,019                   |

Source: Thompson Reuters, data accessed 11/2/2017

**PRIVATE ACTIVITY**

**PRIVATE ACTIVITY FOR 501(C)3**

| <b>TIME PERIOD</b> | <b>Par Amount (US\$ mil)</b> | <b>Mkt. Share</b> | <b>Number of Issues</b> | <b>Par Amount (US\$ mil)</b> | <b>Mkt. Share</b> | <b>Number of Issues</b> |
|--------------------|------------------------------|-------------------|-------------------------|------------------------------|-------------------|-------------------------|
| <b>2012</b>        | 13,035.1                     | 22.8              | 144                     | 56,583.9                     | 20.6              | 1,078                   |
| <b>2013</b>        | 10,315.0                     | 18.0              | 124                     | 48,683.9                     | 17.7              | 1,028                   |
| <b>2014</b>        | 9,345.0                      | 16.3              | 119                     | 40,951.1                     | 14.9              | 842                     |
| <b>2015</b>        | 12,267.2                     | 21.4              | 148                     | 56,805.7                     | 20.6              | 993                     |
| <b>2016</b>        | 12,257.4                     | 21.4              | 137                     | 72,386.1                     | 26.3              | 1,064                   |

Source: Thompson Reuters, data accessed 11/2/2017