



**National Association
of Bond Lawyers**

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July 28, 2010

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The Honorable Sander M. Levin
Committee on Ways & Means
1102 Longworth House Office Building
Washington, D.C. 20515

*Re: Need to Extend ARRA Relief for States, Cities, Small Local Governments
and Nonprofit Organizations*

Dear Chairman Levin:

The National Association of Bond Lawyers,¹ which represents approximately 3,000 of the nation's leading public finance attorneys, thanks you for your leadership and tireless efforts to extend the important infrastructure promotion programs created by the *American Recovery and Reinvestment Act* (ARRA). Including extensions of these programs in the next version of "Jobs" legislation that we understand you intend to introduce shortly would provide greatly needed support to local governments and communities in meeting their critical infrastructure needs.

As attorneys for states, cities, small local governments, housing authorities, educational institutions, hospitals, nursing homes and other charitable organizations, we have observed first hand the opportunities that three of these programs have created in the last eighteen months. The Build America Bond program has been an important financing tool to a wide variety of municipal issuers during turbulent times and has remained an excellent option for many issuers even as the economic situation has somewhat eased. Similarly, the two provisions of the ARRA that temporarily amended Section 265 of the Internal Revenue Code of 1986 in ways that expanded the ability of banks to "buy" bonds issued by or on behalf of smaller borrowers or to make loans at a tax-exempt rate and hold them in their own portfolio have provided an indispensable source of financing and refinancing for local governmental and 501(c)(3) organizations such as colleges, schools, nursing homes, and cultural arts facilities. Finally, the ARRA provision that excludes interest from certain private activity bonds from AMT treatment has facilitated funding for airports, ports and other important projects.

Also helpful would be an extension of the provision enacted in the Housing and Economic Recovery Act of 2008, which enables the Federal Home Loan Banks to issue letters of credit for non-housing bonds. This provision, too, has been valuable assistance to the municipal markets.

Without action by Congress this year, each of these important programs will



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expire on December 31, 2010, and with them critical, well utilized sources of funding for cities, states, small governmental units and a full range of health, education and transportation facilities will vanish while the economy awaits recovery. We thank you for your persistent efforts on behalf of these issuers to date.

Sincerely,

Kathleen C. McKinney

¹ The National Association of Bond Lawyers was incorporated as an Illinois non-profit corporation on February 5, 1979, for the purposes of educating its members and others in the law relating to state and municipal bonds and other obligations, providing a forum for the exchange of ideas as to law and practice, improving the state of the art in the field, providing advice and comment at the federal, state and local levels with respect to legislation, regulations, rulings and other action, or proposals therefore, affecting state and municipal obligations, and providing advice and comment with regard to state and municipal obligations in proceedings before courts and administrative bodies through briefs and memoranda as a friend of the court or agency.