

Government Finance Officers Association
National Governors Association
National Association of State Treasurers
Council of State Governments
National Conference of State Legislatures
The United States Conference of Mayors
National Association of Counties
National League of Cities
International City/County Management Association
Airports Council International – North America
National Association of Towns and Townships
National Association of State Auditors, Comptrollers and Treasurers
American Association of Port Authorities
American Hospital Association
American Planning Association
American Public Power Association
American Public Works Association
American Society of Civil Engineers
American Water Works Association
Association of Public and Land-grant Universities
Association of Metropolitan Water Agencies
WaterReuse Association
National Association of Clean Water Agencies
Council of Infrastructure Financing Authorities
International Public Management Association for Human Resources
Large Public Power Council
National Association of Municipal Advisors
National Association of Bond Lawyers
National Association of College and University Business Officers
National Association of Health and Educational Facilities Finance Authorities
National Association of Regional Councils
National Community Development Association
National Association of Local Housing Finance Agencies

May 7, 2018

VIA Electronic Mail

RE: Request Co-sponsorship of HR 5003 to Amend the Internal Revenue Code of 1986 to Restore Advance Refunding

Dear Member of Congress:

The national organizations listed above represent hundreds of thousands of public-sector entities that issue debt to finance and build the infrastructure that contributes to strong economies at the state and local levels across the country. Our collective memberships support the need for legislation that would reinstate authority to advance refund municipal bonds. We also ask that you join as a co-sponsor of H.R. 5003, a

bipartisan bill to restore this federal tax code provision that for decades saved local taxpayers billions in interest expense.

Under previous law, governmental bonds and 501(c)(3) bonds issued by state and local governments were permitted a single advance refunding. This allowed public issuers to take advantage of reductions in interest rates to realize billions of dollars in savings, which ultimately benefits taxpayers. In fact, the Government Finance Officers Association (GFOA) best practices recommended an advance refunding should produce a minimum savings threshold on a present value basis of 3-5 percent. In the last 5 years, 2013-2017, the advance refunding of municipal securities saved taxpayers at least \$12 billion, a benefit to all of our shared constituencies. It is the practice of state and local governments to measure savings on a present value basis but it is worth noting that the actual savings resulting from these advance refundings is far in excess of \$12 billion in present value savings.

Since tax-exempt advance refundings were prohibited, municipal bond market activity has declined significantly, creating less supply for the very strong demand that exists for municipal securities from retail and institutional investors. In Q1 2017 volume was \$92 billion compared to Q1 2018 just \$65 billion, a decrease in 30%. The bond market underpins the strength of state and municipal governments to provide necessary infrastructure across the United States.

Thank you for considering this important legislation. We look forward to working with you and supporting the effort to help the public issuer community on this vital issue.

Sincerely,

Government Finance Officers Association, Emily Swenson Brock, 202-393-8467
Airports Council International – North America, Annie Russo, 202-293-4544
American Association of Port Authorities, Susan Monteverde, 703-684-5700
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, 202-218-6730
American Society of Civil Engineers, Brian Pallasch, 202-789-7852
American Water Works Association, Tommy Holmes, 202-326-3128
Association of Metropolitan Water Agencies, Diane VanDe Hei, 202-331-2820
Association of Public and Land-grant Universities, Craig Lindwarm, 202-478-6032
Council of Infrastructure Financing Authorities, Rick Farrell, 202-547-1866
Council of State Governments, Andy Karellas, 202-624-5460
International City/County Management Association, Elizabeth Kellar, 202-962-5328
International Public Management Association for Human Resources, Neil Reichenberg, 703-549-7100
Large Public Power Council, Noreen Roche-Carter, 916-732-6509
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 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 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, Shaun Snyder, 202-744-6663

National Association of Towns and Townships, Jennifer Imo, 202-454-3947
National Community Development Association, Vicki Watson 202-656-9552
National Conference of State Legislatures, Max Behlke, 202-624-3586
National Governors Association, Caroline Sevier, 202-624-5376
National League of Cities, Brian Egan, 202-626-3107
The United States Conference of Mayors, Larry Jones, 202-861-6709
WateReuse Association, Amber Kim, 571-445-5504