Government Finance Officers Association
National Governors Association
National Association of State Treasurers
United States Conference of Mayors
National Association of Counties
National League of Cities
International City/County Management Association
National Association of State Auditors, Comptrollers and Treasurers
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
American Water Works Association
National Association of Towns and Townships
National Association of Regional Councils
Council of Development Finance Agencies
Council of Infrastructure Financing Authorities
Transmission Access Policy Group
American Association of Port Authorities
American Planning Association
American Public Transportation Association

November 10, 2017

Dear Senators and Members of Congress:

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 included in H.R. 1 and the Senate Finance Committee Chairman’s Mark of the “Tax Cuts and Jobs Act” that eliminate financing tools utilized by State and local governments, schools, hospitals, airports, seaports 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 and the Senate Finance Committee Chairman’s Mark, more specifically: (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 opportunity to refinance at lower rates outside the 90-day period before the bonds come due. This allows public issuers to take advantage of fluctuations in interest rates to realize considerable savings on debt service, which ultimately benefits taxpayers. In 2016, the advance refunding of more than $120 billion of municipal securities saved taxpayers at least $3 billion. GFOA best practices recommend minimum savings thresholds on a present value basis of 3-5 percent when advance refunding municipal securities.

PABs are widely used for infrastructure projects with a distinct public purpose such as 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 limits flexibility for states and local governments to use their best combination of public financing methods available to deliver vital projects that provide essential public services.

For these reasons, we urge you to oppose provisions in any final tax reform package that would repeal the ability to advance refund municipal bonds or repeal issuers’ ability to use private activity bonds.

Sincerely,

Government Finance Officers Association, Emily Swenson Brock, 202-393-8467
Airports Council International – North America, Annie Russo, 202-293-8500
American Association of Port Authorities, Susan Monteverde
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 Transportation Association, Mark Hybner, 202-496-4897
American Public Works Association, Andrea Eales, 202-408-9541
American Society of Civil Engineers, Brian Pallasch, 202-789-7852
American Water Works Association, Tommy Holmes, 202-326-3128
Association of American Medical Colleges, Karen Fisher, 202-828-0525
Council of Infrastructure Financing Authorities, Rick Farrell, 202-547-1866
Council of Development Finance, Tim Fisher, 614-705-1309
International City/County Management Association, Elizabeth Kellar, 202-962-5328
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 Roche-Carter, 916-732-6509
National Assc. for County Community and Economic Development, Heather Voorman, 202-367-2405
National Assc. 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
Attachment: Volume of Advance Refunding Bonds and Private Activity Bonds (PABs)

### ADVANCE REFUNDINGS

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

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

### PRIVATE ACTIVITY

<table>
<thead>
<tr>
<th>TIME PERIOD</th>
<th>Par Amount (US$ mil)</th>
<th>Mkt. Share</th>
<th>Number of Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>13,035.1</td>
<td>22.8</td>
<td>144</td>
</tr>
<tr>
<td>2013</td>
<td>10,315.0</td>
<td>18.0</td>
<td>124</td>
</tr>
<tr>
<td>2014</td>
<td>9,345.0</td>
<td>16.3</td>
<td>119</td>
</tr>
<tr>
<td>2015</td>
<td>12,267.2</td>
<td>21.4</td>
<td>148</td>
</tr>
<tr>
<td>2016</td>
<td>12,257.4</td>
<td>21.4</td>
<td>137</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TIME PERIOD</th>
<th>Par Amount (US$ mil)</th>
<th>Mkt. Share</th>
<th>Number of Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>56,583.9</td>
<td>20.6</td>
<td>1,078</td>
</tr>
<tr>
<td>2013</td>
<td>48,683.9</td>
<td>17.7</td>
<td>1,028</td>
</tr>
<tr>
<td>2014</td>
<td>40,951.1</td>
<td>14.9</td>
<td>842</td>
</tr>
<tr>
<td>2015</td>
<td>56,805.7</td>
<td>20.6</td>
<td>993</td>
</tr>
<tr>
<td>2016</td>
<td>72,386.1</td>
<td>26.3</td>
<td>1,064</td>
</tr>
</tbody>
</table>

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