

**Government Finance Officers Association**  
**The United States Conference of Mayors**  
**National Association of Counties**  
**National League of Cities**  
**International City/County Management Association**  
**National Association of Towns and Townships**  
**National Association of State Auditors, Comptrollers and Treasurers**  
**Airports Council International – North America**  
**American Association of Port Authorities**  
**American Hospital Association**  
**American Planning Association**  
**American Public Power Association**  
**American Public Transportation Association**  
**American Public Works Association**  
**American Society of Civil Engineers**  
**American Water Works Association**  
**Association of American Medical Colleges**  
**Association of Public and Land-grant Universities**  
**Association of Metropolitan Water Agencies**  
**Water Environment Federation**  
**WaterReuse Association**  
**National Association of Clean Water Agencies**  
**Council of Infrastructure Financing Authorities**  
**Council of Development Finance Agencies**  
**International Municipal Lawyers Association**  
**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 Council of State Housing Agencies**  
**National School Boards Association**

December 6, 2017

**VIA Electronic Mail**

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate

The Honorable Charles Schumer  
Minority Leader  
U.S. Senate

The Honorable Paul Ryan  
Speaker  
U.S. House of Representatives

The Honorable Nancy Pelosi  
Minority Leader  
U.S. House of Representatives

Dear Majority Leader McConnell, Speaker Ryan and Minority Leaders Schumer and Pelosi:

On behalf of the national organizations listed above, representing hundreds of thousands of members of the municipal bond issuer and user community, and professionals who work for issuers, we write to express our deep concerns about the proposed federal income tax treatment of private activity bonds (PABs) and advance refunding bonds that are contained in the House and Senate versions of the *Tax Cuts and Jobs Act*. These financing tools are very important to the local communities you represent. PABs and advance refunding bonds are financing tools utilized by state and local governments, schools, local water systems, hospitals, airports, seaports, special districts, providers of student loans, and other public sector entities to provide efficient and low-cost financing of critical investments in infrastructure that will move this country forward.

Our support of all tax-exempt bonds is grounded in the harsh reality that a loss or restriction of the tax-exemption of interest on these bonds would immediately increase costs to state and local governments and nonprofit organizations (such as nonprofit hospitals, universities, and schools), in financing needed public services and the vital infrastructure that supports the economy. This increase in cost will ultimately be borne by taxpayers, homeowners, renters, students, healthcare patients, commuters, air travelers, businesses relying on seaports, and other constituents.

The utility of PABs goes beyond their importance to building traditional infrastructure such as roads and bridges. PABs provide lower cost funding for crucial elements of society that directly benefit your constituents by offering affordable options for the public in general and for those most vulnerable. By eliminating or reducing PABs, the federal government will undermine vital projects in numerous public service sectors including housing, hospitals, local water systems, airports, seaports, non-profit educational facilities including universities and charter schools, and other projects, many of which are ready for or under construction. If Congress were to follow through with this legislation, it would put into jeopardy job creation and economic growth. Thus, we urge you to protect in full, the current federal income tax treatment of PABs as envisioned by S. 1. Any effort to restrict or reduce the current federal income tax treatment of PABs will directly affect the availability and affordability of vital projects for which your constituents depend, including in some cases, your most vulnerable constituents.

Under current law, governmental bonds and 501(c)(3) bonds are permitted a single advance refunding. This allows 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 recommend an advance refunding should produce a minimum savings threshold on a present value basis of 3-5 percent. In 2016, the advance refunding of more than \$120 billion of municipal securities saved taxpayers at least \$3 billion, and this money stays in the pockets of your voters. The characterization of advance refunding bonds as an “abuse” fails to acknowledge the substantial savings to taxpayers this financing tool provides.

State and local governments and nonprofit users discovered that advance refunding bonds may be eliminated when H.R. 1 was released on November 2, 2017. This provided less than two months’ notice for bond users to accelerate financing plans with respect to planned advance refundings of outstanding bonds. For many local jurisdictions and other users, this is an insufficient amount of time to responsibly undertake a financing, taking into account local procurement and bond approval procedures that must be followed. Therefore, we are asking you to support delaying the effective date of the advance refunding provision to December 31, 2018, or to limit the provision to the advance refunding of bonds issued after December 31, 2017, thereby preserving to state and local governments the opportunity to achieve debt service savings for their taxpayers. This would be of immense help for planning and budgeting purposes for the local communities you represent, and the constituents we all put first.

For the above reasons, we urge you to oppose any change in the current federal income tax treatment of private activity bonds and to adjust the implementation provisions for advance refunding bonds.

Sincerely,

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The United States Conference of Mayors, Larry Jones, 202-861-6709  
National Association of Counties, Jack Peterson, 202-661-8805  
National League of Cities, Mike Wallace, 202-626-3023  
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National Association of State Auditors, Comptrollers and Treasurers, Cornelia Chebinou, 202-624-5451  
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American Public Works Association, Sean Garcia, 202-218-6734  
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Association of Metropolitan Water Agencies, Dan Hartnett, 202-331-2820  
Water Environment Federation, Steve Dye, 202-246-1070  
WaterReuse Association, Amber Kim, 571-445-5504  
National Association of Clean Water Agencies, Kristina Surfus, 202-833-4655  
Council of Infrastructure Financing Authorities, Rick Farrell, 202-547-1866  
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National Association of College and University Business Officers, Elizabeth Clark, 202-861-2553  
National Assoc. of Health and Educational Facilities Finance Authorities, Chuck Samuels, 202-434-7311  
National Association of Regional Councils, Leslie Wollack, 202-618-6363  
National Community Development Association, Vicki Watson 202656-9552  
National Council of State Housing Agencies, Garth Rieman, 202624-7710  
National School Boards Association, Deborah Rigsby, 703-838-6208

CC: Members of the United States House of Representatives  
Members of the United States Senate