



**Via Electronic Mail**

November 3, 2017

Executive Committee

**Chair**

*Stephen K. Benjamin  
Mayor, Columbia, SC*

**Vice Chair**

*Kevin M. Burke  
President and CEO  
Airports Council  
International—N.A.*

**Secretary**

*Michael Nicholas  
CEO  
Bond Dealers of America*

*Clarence E. Anthony*

*Executive Director  
National League of Cities*

*Sue Kelly*

*President and CEO  
American Public Power  
Association*

Ex-Officio

*Debra Chromy  
President  
Education Finance Council*

*George Friedlander*

*Managing Partner  
Court Street Group*

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:

The Municipal Bonds for America (MBFA) Coalition is devoted to preserving the tax-exempt status of all municipal bonds, including advance refundings and private activity bonds (PABs). MBFA is a non-partisan stakeholder coalition, led by state and local government officials who rely upon affordable borrowing through the critical financing tools mentioned above to finance airports, universities, schools, roads, bridges, electric facilities, hospitals, affordable housing, water infrastructure, and student loan financing.

As Congress considers enacting tax reform legislation in the coming weeks, we strongly support the decision to maintain the current-law tax exemption for most municipal bonds, but urge you to oppose provisions in the Tax Cuts and Jobs Act that would eliminate the tax exemption for PABs and advance refunding bonds.

PABs provide a critical source of funding for a variety of important projects, including financing for non-profit hospitals, colleges, schools, public-private partnerships, including multi-family housing projects, toll-roads, airports and seaports, and even state-run student loan programs. These projects and programs foster job creation and economic development and provide reduced costs for healthcare and education.

Tax-exempt advance refundings allow state and local governments to

efficiently and successfully manage their finances, giving the necessary flexibility to take advantage of market conditions and interest rates when refinancing existing debt. This lowers the cost of borrowing for basic infrastructure projects that directly benefit taxpayers.

Eliminating the exclusion of tax-exempt PABs and advance refundings will only burden the taxpayer, as the added cost of this infrastructure financing is passed on, which is in direct conflict to the stated objective of the Act. In addition, there will be increased costs to all citizens using healthcare facilities, school facilities, airports, and toll-roads. It is imperative, now, more than ever, that Congress protect the ability of state and local governments to access cost effective capital through the use of tax-exempt municipal bonds. However, eliminating PABs and advance refundings will make state and local investments directly, and through public-private partnerships, more costly, more difficult, and will increase costs to all users of those financed facilities.

Sincerely,

African American Mayors Association

Airports Council International – N.A.

American Association of Community Colleges

American Hospital Association

American Public Power Association

Association of American Medical Colleges

Bond Dealers of America

Council of Development Finance Agencies

Education Finance Council

International Economic Development Council

Large Public Power Association

Modesto Irrigation District

National Association of Bond Lawyers

National Association of Health and Educational Facilities Finance Authorities

National Council of State Housing Agencies

National Development Council

National Water Resources Association

Southern California Public Power Authority

Springsted Incorporated

Tom Dannenberg - Hutchinson, Shockey, Erley & Co.

CC: The Honorable Orrin Hatch  
Chairman – Senate Finance Committee  
U.S. Senate

The Honorable Ron Wyden  
Ranking Member – Senate Finance Committee  
U.S. Senate

The Honorable Kevin Brady  
Chairman – House Ways and Means Committee  
U.S. House of Representatives

The Honorable Richard Neal  
Ranking Member – House Ways and Means Committee  
U.S. House of Representatives