

May 22, 2018

The Honorable Jerry McNerney
U.S. House of Representatives
2265 Rayburn House Office Building
Washington, DC 20515

RE: Support H.R. 5003 to reinstate tax-exempt advance refunding

Dear Representative McNerney:

I am writing on behalf of Contra Costa County to urge your support and cosponsorship for bipartisan legislation that seeks to reinstate tax-exempt advance refunding. Introduced by Reps. Randy Hultgren and Dutch Ruppersberger, H.R. 5003 would restore the ability of state and local governments to take advantage of low interest rates and advance refund outstanding bonds, which ultimately benefits taxpayers. Advance refundings made up nearly 20 percent of the market activity in 2017, with issuers saving 5 to 7 percent of par, on average. For Contra Costa County, the ability to advance refund resulted in millions of dollars in annual debt service savings, which in turn has been used to provide services to our residents and reinvest in our facilities. As you know, the County recently issued \$100 million in bonds to replace our obsolete County Administration and Emergency Operations Center buildings in Martinez, CA.

Before the recent changes in tax reform, governmental bonds were already limited to only one advance refunding prior to the call date. Removing this important financial management tool restricts the ability of state and local governments to save billions on interest costs, savings which could free up borrowing capacity for new investment in infrastructure and other public services.

Thank you for your consideration of this important request. I look forward to working with you to restore this irreplaceable financing resource.

Sincerely,

KAREN MITCHOFF
Chair, Board of Supervisors
Contra Costa County