

**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