



Contra
Costa
County

To: Board of Supervisors
From: LEGISLATION COMMITTEE
Date: May 22, 2018

Subject: "Support" for H.R. 5003, a Bill to Restore Advance Refundings of Tax-Exempt Bonds

RECOMMENDATION(S):

1. ADOPT a position of "Support" on H.R. 5003 to amend the Internal Revenue Code of 1986 to reinstate advance refunding bonds;
2. AUTHORIZE the Chair of the Board to send a letter to members of the House of Representatives representing Contra Costa County requesting co-sponsorship of the bill; and
3. DIRECT staff to amend the County's adopted federal legislative platform to make conforming changes.

FISCAL IMPACT:

No immediate fiscal impact.

BACKGROUND:

The Board of Supervisors' Federal Legislative Platform currently includes several items concerning tax-exempt municipal bonds. Most notably, the Board has taken a position supporting generally the preservation of municipal bonds. Recently, the Tax Cuts and Jobs

☒ APPROVE

☐ OTHER

☐ RECOMMENDATION OF CNTY

☒ RECOMMENDATION OF BOARD

ADMINISTRATOR

COMMITTEE

Action of Board On: **05/22/2018** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: May 22, 2018

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stacey M. Boyd, Deputy

Contact: Timothy Ewell,
(925)335-1036

cc:

Act of 2017 (the “Tax Bill”) discontinued authorization for state and local governments to issue “advance refunding” bonds, which previously allowed jurisdictions to refinance current debt at reduced interest rates. This was, in part, due to the belief that such authorization essentially allowed for “double dipping” by state and local entities. This was bolstered by reports from the Joint Committee on Taxation (the “JCT”) that advance refundings were projected to be a tax expenditure to the federal government of \$17.3 billion over the ten-year period 2018-2027. In Contra Costa County, advance and current refunding bonds have been used to refund existing bonds resulting in significant cost savings locally. As noted in the chart below, over the past 15 years, the County has realized \$23.3 million in net present value (NPV) savings amounting to approximately \$2.1 million per year. This would not have been possible, in part, but for advance refunding bonds.

On February 13, 2018, members of the bi-partisan House Municipal Finance Caucus, Co-Chaired by Representatives Hultgren and Ruppertsberger introduced H.R. 5003 (

BACKGROUND: (CONT'D)

Attachment A) with the goal of reinstating advance refunding bonds. Currently, the bill has bipartisan support of ten (10) co-sponsors and has been referral to the House Ways and Means Committee.

Subsequently, on Monday, May 7, 2018, several national organizations representing public-sector entities that issue tax-exempt debt to finance infrastructure projects, including the National Association of Counties (NACo), the National League of Cities and the U.S. Conference of Mayors, joined in a letter (**Attachment B**) to members of Congress offering support for H.R. 5003. The letter outlines the importance of advance refunding bonds as a tool in the municipal bond market and calls on members of Congress to sign on as co-sponsors to the bill.

On Monday, May 14, 2018, the Legislation Committee approved recommendation of a "Support" position on H.R. 5003. Today's action would adopt a "Support" position, authorize the Chair to send letters to each of the four House members representing Contra Costa County requesting each to cosponsor H.R. 5003 and amend the County's Federal Platform to support the reinstatement of advance refunding bonds.

CONSEQUENCE OF NEGATIVE ACTION:

The Board will not have an official position on H.R. 5003.

CHILDREN'S IMPACT STATEMENT:

No impact.

ATTACHMENTS

Attachment A: HR 5003

Attachment B: Support Letter

Letter to Representative DeSaulnier

Letter to Representative McNerney

Letter to Representative Thompson

Letter to Representative Swalwell