



NATIONAL ASSOCIATION OF STATE TREASURERS

February 21, 2018

The Honorable Paul Ryan
United States House of Representatives
U.S. Capitol Building, H-232
Washington, DC 20515

The Honorable Mitch McConnell
United States Senate
U.S. Capitol Building, S-226
Washington, DC 20510

The Honorable Nancy Pelosi
United States House of Representatives
U.S. Capitol Building, H-204
Washington, DC 20515

The Honorable Chuck Schumer
United States Senate
U.S. Capitol Building, S-221
Washington, DC 20510

President

Beth Pearce, VT

Executive Committee

David Damschen, UT
Duane Davidson, WA
Manju Ganeriwala, VA
Deborah Goldberg, MA
Curtis Loftis, SC
Seth Magaziner, RI
Ken Miller, OK
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Dear Speaker Ryan, Leader Pelosi, Majority Leader McConnell and Leader Schumer:

The National Association of State Treasurers (NAST) is pleased to see the Administration's infrastructure proposal recognize the importance of partnering with state and local governments to execute this crucial initiative. One necessary component to a successful infrastructure plan will be to ensure state and local governments have access to the funding mechanisms needed to effectively invest in significant infrastructure upgrades. To do that, Congress should maximize the use of tax-exempt bonds to meet future infrastructure financing thresholds.

For more than a century, tax-exempt bonds have been a critical source of funding used by state and local governments to build roads, bridges, hospitals, schools, water systems and more. This is in part because tax-exempt bonds have lower costs than taxable bonds and offer communities an affordable way to invest in infrastructure.

We are encouraged the Administration's proposal expands the use of private activity bonds (PABs). Expanding the flexibility and amount of investment in PABs is a common sense solution that will result in more infrastructure built for the public good. **Given the vital importance of tax-exempt bonds, it is crucial for lawmakers to reinstate the tax-exempt status of advance refunding bonds, which was eliminated last year as part of H.R. 1.**

Advance refunding bonds save money for taxpayers and free up money for additional infrastructure projects, by allowing state and local issuers to refinance bonds at a lower interest rate. Last year, more than \$100 billion in advance refunding bonds were issued, saving hundreds of millions of taxpayer dollars that could then be reinvested back into vital infrastructure projects.

State and local governments finance more than 75 percent of all U.S. infrastructure projects, and as experts on infrastructure financing, we believe that reinstating the tax-exempt status of these bonds will be critical for state and local governments to properly execute any infrastructure proposal.

We applaud the introduction of H.R. 5003, bipartisan legislation introduced by Representatives Randy Hultgren (R-IL) and Dutch Ruppersberger (D-MD), and urge its enactment as part of infrastructure legislation. This bill would ensure state and local governments are not forced to pay higher borrowing costs or curtail critical infrastructure projects.

We believe the ability to finance public infrastructure at the lowest possible price to taxpayers must remain a top priority. As conversations around infrastructure continue in the coming weeks and months, NAST will be ready and willing to work with Members of Congress and the Administration to advance these important goals.

Sincerely,

A handwritten signature in black ink that reads "Beth Pearce". The signature is written in a cursive style with a large, looped initial "B".

Beth Pearce
Vermont State Treasurer
NAST President