



July 17, 2020

The Honorable Mitch McConnell  
Office of the Majority Leader  
U.S. Capitol  
Washington, D.C. 20510

The Honorable Charles E. Schumer  
Office of the Democratic Leader  
U.S. Capitol  
Washington, D.C. 20510

Dear Leader McConnell, Leader Schumer:

We applaud your leadership in leading the Senate to develop and pass bipartisan legislation to support the needs of our communities during these challenging and unprecedented times. As the public health crisis develops, we stand ready to continue our supporting role as our economy recovers.

Along these lines, we are writing to express our strong support for S. 4129, the Lifting Our Communities through the Advance Liquidity for Infrastructure Act (LOCAL), legislation introduced by Senators Wicker and Stabenow, that would permanently reinstate the federal tax-exemption for interest on advance refunding municipal bonds. We commend their efforts to introduce bipartisan legislation that would ensure this critical tool is available during this difficult fiscal environment as states and local governments look to lower their costs and also finance much-needed infrastructure such as schools, roads, and hospitals. It is estimated that the use of tax-exempt advance refunding bonds would save state and local issuers an estimated \$2.35 billion a year. We respectfully request that you consider including S. 4129 in the next recovery package.

We are also writing to express our strong support for S. 4203, the American Infrastructure Bonds Act, legislation introduced by Senators Wicker and Bennet, that would authorize a direct pay subsidy for American Infrastructure Bonds. This subsidy will allow state and local governments to attract taxable bond investors, such as pension funds and foreign investors, to invest in infrastructure projects. Increasing the demand for municipal securities is particularly helpful now, as state and local governments are experiencing much higher costs due to the COVID-19 pandemic. We respectfully request that you consider including S. 4203 in the next recovery package.

We believe that increased investments in our nation's infrastructure, specifically public health infrastructure, is needed now more than ever. In a related matter, on July 1, 2020, the House of Representatives approved H.R. 2, the Moving Forward Act, which includes similar language to S. 4129 and S. 4203 and would reinstate the tax-exemption for interest on advanced refunding bonds and authorize direct pay subsidy bonds, respectively.

Thank you for your consideration of our views.

Sincerely,

Securities Industry and Financial Markets Association  
American Bankers Association Securities Association (ABASA)  
Financial Services Forum  
U.S. Chamber of Commerce  
Bond Dealers of America  
National Association of Bond Lawyers  
American Securities Association