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*Invested in America*

June 30, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi and Leader McCarthy:

We are writing to express our strong support for H.R. 2, the Moving Forward Act. This legislation includes several critically important municipal finance tools for local communities and issuers to improve their local schools, roads, hospitals, and infrastructure.

The Securities Industry and Financial Markets Association[1] (SIFMA) supports four sections of this legislative package. Specifically, SIFMA supports Section 90102 which would permanently reinstate the tax exemption for the interest earned on advance refunding municipal bonds, thus lowering interest costs for local governments and resulting in savings for state and local taxpayers. This financial management tool will ensure that states and local government can lower their borrowing costs when interest rates change to realize meaningful savings. This section is identical to bipartisan legislation (H.R. 2772, Investing in Our Communities Act) which SIFMA has expressed support for. It is estimated that the use of tax-exempt advance refunding bonds would save taxpayers an estimated $2.35 billion a year.

Second, SIFMA supports Section 90104 which would expand Private Activity Bonds (PABs). This provision would expand the volume cap for PABs from the greater of $75 per capita or $225 million to the greater of $135 per capita or $402 million. This increase is long overdue and will ensure that additional infrastructure projects can proceed.

Third, SIFMA supports Section 90103 which would permanently increase the limit for the small issuer exception to the tax-exempt interest expense allocation rules for financial institutions. The limit for small issuer bonds would increase from $10 million to $30 million. This provision would also index this limit to inflation so it will increase over time to better reflect the costs associated with infrastructure project. Finally, this provision would revise the definition of qualified obligation to be determined by borrower instead of issuer, multiplying the potential impact. d. The expansion of this provisions will enable more infrastructure projects to be financed, particularly in smaller and rural communities.

Finally, SIFMA supports Section 90101 which would permanently reinstate a direct pay or the Build American Bonds (BABs) program. This refundable tax credit program helps to defray the interest costs

[1] SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

associated with state and local governments issuing taxable bonds that attract additional investors. Taxable investors create additional demand for investment in these worthwhile projects, resulting in lower costs for states and local governments.

We know that you agree that increased investment in our infrastructure, specifically public health infrastructure, is needed now more than ever as our nation will continue to grapple with the impact of the COVID-19 pandemic for years to come. Further, state and local governments are facing unprecedented expenses due to this pandemic and would certainly benefit from these tools to help to lower their costs. We strongly commend your commitment to infrastructure investment which will help spur job creation and economic growth in the aftermath of the COVID-19 pandemic. Thank you for considering our views on this important issue.

Sincerely,

Kenneth E. Bentsen, Jr.
President and CEO