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April 27, 2021

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

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

Dear Leaders Schumer and McConnell:

As you continue your leadership of the Senate in developing effective stimulus legislation to address COVID-19, it is clear that infrastructure investment can, and should, play a significant role in providing for a robust economic recovery. As such, we want to express our strong support for two municipal finance tools that we believe would provide increased financing options to help municipalities address their infrastructure needs.

We strongly support S. 479, the “Lifting Our Communities through Advance Liquidity (LOCAL) for Infrastructure Act,” legislation introduced by Senators Wicker and Stabenow, which would permanently reinstate the federal tax-exemption for interest on advance refunding municipal bonds. We commend their bipartisan efforts to restore an important tool that would allow state and local governments to take advantage of low interest rates to reduce financing costs and provide additional capacity to invest in new, and much-needed, infrastructure such as schools, hospitals, roads, bridges, ports, airports and mass transit. This tool has historically generated many billions of dollars in savings for local taxpayers and is a common-sense measure that would help municipalities quickly unlock financing for their infrastructure needs. As such, we respectfully request that you consider including this bill in any next recovery or infrastructure package.

We are also writing in support of S. 1308, 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 important and this would serve as a complement to the reinstatement of tax-exempt advance refunding, both working in concert to give local municipalities and counties the ability to access additional capital for infrastructure projects. Similarly, we respectfully request that you consider including S. 1308 in any next recovery or infrastructure package.

We believe that increased investment in America's infrastructure is needed now more than ever and would spur job creation and economic growth. A partnership amongst federal, state, and local governments and private investors can ease the burden on the cash-strapped federal government by leveraging our capital markets to create expanded financing options. The pieces of legislation outlined above are just two examples of how this partnership can close the infrastructure financing gap and we strongly urge support for these provisions. Thank you for your consideration of our views.

Sincerely,

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