

**Government Finance Officers Association
International City/County Management Association
International Municipal Lawyers Association
National Association of Counties
National Association of State Auditors, Comptrollers, and Treasurers
National Association of State Treasurers
National League of Cities
U.S. Conference of Mayors**

**American Public Power Association
Council of Development Finance Authorities
National Association of Local Housing Finance Agencies
National Council of State Housing Agencies
National Association of College and University Business Officers
National Association of Health and Educational Facilities Finance Authorities**

**American Hospital Association
Bond Dealers of America
National Association of Bond Lawyers
National Association of Independent Public Finance Advisors
Securities Industry and Financial Markets Association**

February 6, 2012

The Honorable Jeff Bingaman
United States Senate
703 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Bingaman:

The groups listed above strongly support your forthcoming amendment to the *Highway Investment, Job Creation and Economic Growth Act of 2012*. This amendment mirrors the legislation you introduced last year, S. 1016, the *Municipal Bond Market Support Act of 2011*, which is also supported by these organizations.

This amendment would increase the “bank qualified” debt limit from \$10 million to \$30 million and would allow it to be applied on a borrower-by-borrower basis. The \$10 million limit was created in *The Tax Reform Act of 1986*, and is an amount, if indexed to inflation, that is worth only \$5.4 million today. Bank qualified debt allows small governments and authorities to directly involve local and community banks in the infrastructure financing process by exempting them from otherwise having a portion of their interest expense disallowed, as currently required under the Internal Revenue Code. The amendment and S. 1016 would result in small governments paying lower borrowing costs for their debt, sometimes as much 50 basis points lower, and would have a significant and direct stimulative effect on jobs and needed infrastructure improvements for thousands of communities across the country.

The amendment would set the bank qualified debt limit at \$30 million and provide for indexing of the limit for future years. It also allows the bank qualified debt limit to be applied on a borrower-by-borrower basis, rather than aggregating all bank qualified bonds issued by a conduit issuer. By implementing S.1016, thousands of local governments, schools, hospitals, colleges and other entities will be able to more easily access the capital markets, and sell debt in an efficient, less costly manner, which will ultimately result in a savings for taxpayers.

We can not thank you enough for offering this amendment to the *Highway Investment, Job Creation and Economic Growth Act of 2012* during the Finance Committee's mark-up. Your continued support for this important change to the tax law, and to state and local governments is greatly appreciated.

Sincerely,

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