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## **21 Republican Members of Congress Urge Leadership to Protect Municipal Financing in Final Tax Legislation**

Washington, DC — U.S. Representative Randy Hultgren (IL-14), Co-Chair of the Congressional Municipal Finance Caucus, [led 20 of his Republican colleagues in sending a letter](#) to House and Senate leadership urging them to preserve the tax exempt status of private activity bonds in any tax reform legislation. These critical financial instruments help local and state governments finance affordable housing, toll roads and expressways, airports and seaports, hospitals and universities and more. In addition, the letter stresses the importance of maintaining the tax-exempt status of advance refundings which allow state and local governments to maintain market interest rates through refinancing. Eliminating the tax exempt status of private activity bonds and advance refunding will severely stifle local and state economic and community development efforts.

Before passage of H.R. 1, the Tax Cuts and Jobs Act, last week in the House, Rep. Hultgren introduced two amendments to include protections of these key financing tools in tax reform legislation.

The [letter](#) follows:

*Dear Leader McConnell, Speaker Ryan, Chairman Hatch, and Chairman Brady,*

*We the undersigned strongly object to the propose elimination of tax exempt private activity bonds and advanced refunding bonds in the current Tax Cuts and Jobs Act (HR 1). This change in policy contradicts the growing need of the Federal Government to rely more, not less, on states and municipalities, as well as the private sector, to help to finance needed infrastructure in a market driven, cost effective manner. In fact, these changes are incompatible with President Trump's priority for infrastructure investment in the United States. Finally, taken together, both of these changes vlolate a request made by 162 members of the House of Representatives in a March 9, 2017 letter addressed to the leadership of the House Committee on Ways and Means.*

*There seems to be a consensus that the current-law tax exemption for municipal bonds - now more than a century old - should remain intact; however, the Tax Cuts and Jobs Act would otherwise hobble this valuable tool by prohibiting the issuance of tax-exempt private activity bonds and tax-exempt advance refunding bonds. The United States currently faces a \$2 trillion dollar infrastructure financing short-fall, according to the American Society of Civil Engineers.*

*The Tax Cuts and Jobs Act is incompatible with President Trump's request for infrastructure investment in the United States. The Fiscal Year 2018 Budget calls for \$200 billion in outlays related to the President's infrastructure initiative. The Fact Sheet for the President's Infrastructure Initiative states, "The Federal Government inefficiently invests in non-Federal infrastructure," and "The Administration will be exploring ... whether transferring additional responsibilities to the States is appropriate." At his confirmation hearing, Treasury Secretary Mnuchin said in response to a question about infrastructure financing, "If confirmed, I plan to review ways to enhance [PABs] with the goal of driving more private investment into American infrastructure." We agree. Federalism is fundamental to efficient infrastructure finance.*

*Private activity bonds finance exactly the sorts of public private partnerships of which we need more of, not less. These bonds help finance housing for low- to moderate-income families that otherwise would not get built; toll roads and expressways, airports and seaports; hospitals and universities. The Administration has made it explicitly clear that is supports the expansion of private activity bond eligibility.*

*Likewise, state and local governments issue tax-exempt advance refunding bonds to take advantage of market conditions to reduce the cost of financing existing debt. Advance refunding bonds issued in just the last five years will save state and local taxpayers in every state billions of dollars. This infrastructure investment creates jobs for homebuilders, factory workers, and engineers, and contributes to economic growth nationwide. The current tax-exempt status of private activity bonds and advanced refunding bonds benefits all Americans.*

*We strongly object to the proposed elimination of tax-exempt private activity and advance refunding bonds in any final tax reform package, which we believe undermines President Trump's infrastructure and economic development agenda for the middle-class. We urge you to reconsider these provisions and ensure they are not in the final version of The Tax Cuts and Jobs Act.*

*Sincerely,*

Signers include Reps. Randy Hultgren (IL-14), Luke Messer (IN-06), Bob Gibbs (OH-07), John J. Faso (NY-19), Peter King (NY-02), Ed Royce (CA-39), Mia Love (UT-04), Lee Zeldin (NY-01), Mike Coffman (CO-06), Scott Taylor (VA-02), Dan Donovan (NY-11), Pete Sessions (TX-32), Steve King (IA-04), David G. Valadao (CA-21), Elise Stefanik (NY-21), Tom Emmer (MN-06), Blake Farenthold (TX-27), Ryan A. Costello (PA-06), Steve Womack (AR-03), Alex Mooney (WV-02) and Bruce Poliquin (ME-02).

Previously, Rep. Hultgren and C.A. Dutch Ruppersberger (MD-02), Co-Chairmen of the Congressional Municipal Finance Caucus, [sent a bipartisan letter to leaders of the House Ways and Means Committee](#) in support of the tax exempt status of municipal bonds. The letter was signed by 162 of their colleagues (99 Democrats, 63 Republicans total). The two also [penned an op-ed on the topic](#) for *The Washington Examiner*.

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