



REGIONAL
BOND DEALERS
ASSOCIATION

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May 24, 2010

The Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
219 Dirksen Office Building
Washington, DC 20510

The Honorable Charles Grassley
Ranking Minority Member
Committee on Finance
United States Senate
219 Dirksen Office Building
Washington, DC 20510

Re: Critical Need to Retain Bond-Related Provisions in H.R. 4213

Dear Chairman Baucus and Ranking Member Grassley:

I write to thank you for including extensions of critical bond-related provisions in HR 4213, the American Jobs and Closing Tax Loopholes Act. These provisions, specifically relating to Build America Bonds, bank-qualified bonds, and extension of the AMT to private activity bonds, have allowed state and local governments finance important public projects while saving billions of dollars in interest costs and providing stable investment options for issuers and investors. We urge the House to act quickly to pass this legislation and send it to the Senate for final approval.

Under your leadership, in 2009 Congress approved provisions in the American Recovery and Reinvestment Act (ARRA) to increase the bank qualified debt limit from \$10 million to \$30 million have increased opportunities for small governments and authorities to place debt directly with community banks, thus saving issuers billions of dollars in borrowing costs they would incur if forced to go to the open market. The one-year extension of the bank-qualified provisions included in HR 4213 will assure municipalities that they will continue to have access to a cost-effective option for small issuances.

ARRA also created the Build America Bonds program. This program has proven to be highly successful with more than \$64 billion in issuances in 779 transactions in 45 states occurring in 2009. BABs issuances to increase in 2010. BABs are being used to fund the construction of new schools, hospitals, roads, bridges and other capital projects—which in turn stimulates job creation across the country. The two-year extension of the BABs program included in HR 4213 will insure the jobs and savings created by this program will continue unabated.

Finally, extending the exemption from the AMT for private activity bonds for one year will lower

the interest costs incurred by issuers on these bonds and increase their marketability to investors.

We appreciate your continued focus on bond-related issues and in assisting states and localities in addressing fiscal difficulties by including this set of provisions in HR 4213 and urge its swift passage.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Nicholas".

Michael Nicholas
CEO

cc: Hon. Jeff Bingaman
Hon. Mike Crapo