

November 15, 2017

VIA ELECTRONIC MAIL

The Honorable Orrin Hatch
Chairman, Senate Finance Committee
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Hatch:

The Bond Dealers of America (BDA) is the only Washington, DC-based association representing the interests of “Main Street” investment firms and banks predominately in the U.S. fixed income markets.

We, the Board of the BDA, write to thank you and Senate Leadership for preserving the tax-exempt status of governmental and private-activity municipal bonds and urge you to retain current law as it applies to municipal bond advance refundings, which is proposed for elimination in the *Tax Cuts and Jobs Act*.

With this repeal, municipal bond issuers would be challenged to manage interest rate risks and the cost of borrowing for state and local governments would skyrocket. Thus increasing taxes for everyone regardless of income level. This provision works against the stated goal of this tax package, to energize the economy and lower the tax burden of middle-class Americans. Moreover, these changes would restrict the tool that is most often used to finance America’s infrastructure and force issuers to change the way they manage their debt portfolios.

As the Senate deliberates the *Tax Cuts and Jobs Act*, we ask you reject the elimination of municipal bond advance refundings and we applaud your efforts to protect governmental and private-activity bonds. These financing options provide state and local governments the flexibility needed to provide services efficiently and effectively, and at low cost for the taxpayer.

Thank you for your consideration and please let us know if you need more information from us.

Sincerely,



Michael Nicholas
Chief Executive Officer
Bonds Dealers of America

Cc: The Honorable Mitch McConnell
Majority Leader
United States Senate

The Honorable Charles Schumer
Minority Leader
United States Senate

The Honorable Ron Wyden
Ranking Member, Committee on Finance
United States Senate

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