

July 1, 2020

The Honorable Roger Wicker  
United States Senate  
555 Dirksen Senate Office Building  
Washington DC, 20510

The Honorable Debbie Stabenow  
United States Senate  
731 Hart Senate Office Building  
Washington, DC 20510

Dear Senators Wicker and Stabenow,

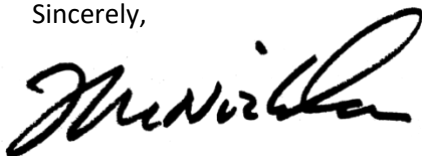
The Bond Dealers of America fully supports your initiative to restore the authority of state and local governments to conduct advance refundings of outstanding bonds. Once enacted, your legislation will save state and local governments billions in debt service and provide much needed flexibility to state and localities in managing their debt.

State and local governments depend on the ability to issue tax-exempt bonds to finance investment in roads, airports, bridges and tunnels, schools, water and sewer systems, and all sorts of public infrastructure. Advance refundings are similar in some respects to refinancing a mortgage. When interest rates fall, local government with bonds outstanding seek to refinance their debt at lower interest rates. If the old, high interest bonds are not yet callable, the local government must engage in an advance refunding.

Before the authority to undertake advance refundings in 2017, these transactions helped state and local government save billions in debt service. That flexibility is more important than ever under the shadow of the COVID-19 crisis. State and local governments are facing some of the most severe fiscal stress since the Great Depression as a result of the economic shutdown. Many are considering cuts in services. Any savings available to states and localities will help mitigate the financial effects of the virus.

Thank you for your leadership on this important issue. We look forward to working with you and others to help ensure that your advance refunding bill is enacted quickly.

Sincerely,



Michael Nicholas  
Chief Executive Officer  
Bond Dealers of America