

**American Hospital Association
American Public Power Association
Council of Development Finance Agencies
Council of Infrastructure Financing Authorities
Government Finance Officers Association
International City/County Management Association
International Municipal Lawyers Association
National Association of College and University Business Officers
National Association of Counties
National Association of Health and Educational Facilities Finance Authorities
National Association of State Auditors, Comptrollers and Treasurers
National Association of State Treasurers
National League of Cities
U.S. Conference of Mayors**

**Bond Dealers of America
Independent Community Bankers of America
National Association of Bond Lawyers
Securities Industry and Financial Markets Association**

May 17, 2011

The Honorable Jeff Bingaman
United States Senate
703 Hart Senate Office Building
Washington, DC 20510

The Honorable Mike Crapo
United States Senate
239 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Benjamin Cardin
United States Senate
509 Hart Senate Office Building
Washington, DC 20510

The Honorable Charles Grassley
United States Senate
135 Hart Senate Office Building
Washington, DC 20510

The Honorable John Kerry
United States Senate
218 Russell Senate Office Building
Washington, DC 20510

The Honorable Olympia Snowe
United States Senate
154 Russell Senate Office Building
Washington, DC 20510

Dear Senators Bingaman, Cardin, Kerry, Crapo, Grassley, and Snowe:

The organizations listed above, representing governmental and non-profit entities, bond counsel, and broker/dealers, greatly appreciate your efforts to help communities and non-profits across the nation with the introduction of *Municipal Bond Market Support Act of 2011*. Specifically, the *Act* would increase the bank-qualified debt limit from \$10 million to \$30 million and put in place other measures to encourage bond purchases from small borrowers, thus helping thousands of governments and educational and health care facilities. On behalf of our tens of thousands of members, we strongly support this legislation.

Since the 1986 reforms in the tax code, the federal government has recognized that small issuers of tax-exempt debt need cost-effective access to the markets for their infrastructure needs and improvements.

Congress established the bank-qualified program for this purpose. The program applies to governmental and non-profit issuers that borrow less than \$10 million per year, an amount that has not been indexed to inflation over the past 26 years. In today's dollars, that \$10 million is worth \$5.4 million, and even the smallest of governments have annual capital needs exceeding that amount. Increasing the limit to \$30 million would add liquidity to the market and help many small issuers place their bonds with community and commercial banks, avoiding many of the fees associated with underwriting and selling these bonds on the open market. We also support an election to apply these limits at the borrower level, providing small issuers, especially non-profit hospitals and colleges, the ability to utilize this provision. In 2009 and 2010, both the \$30 million limit and applying the benefit at the borrower level were in effect, and were met with great success, proving that this Act would be well utilized by thousands of governments in the future.

Our country's infrastructure needs continue to grow, with limited resources to meet them. By increasing the bank qualified limit to \$30 million and allowing the exemption to be applied at the borrower level, smaller governments, and non-profit educational and health care facilities will be much better able to finance their capital needs, and save taxpayer dollars.

Our organizations stand ready to help move this legislation forward, including its inclusion in upcoming tax legislation. Thank you for leading the efforts to help communities provide vital infrastructure to their citizens in the most efficient and economically sound manner possible.

Sincerely,

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American Public Power Association, Amy Hille, 202-467-2929

Council of Development Finance Agencies, Toby Rittner, 216-920-3095

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National Association of Counties, Mike Belarmino, 202-393-6226

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