

MBFA UPDATE:

Fighting for Advance Refundings & Shaping the Debate on Infrastructure Financing

MBFA Mission

Municipal Bonds for America (MBFA) is a non-partisan coalition of municipal bond issuers and State and local government officials, combined with senior leadership at regional broker dealers that work together to support the traditional municipal bond market. We work to encourage the creation and preservation of low-cost financing options for State and local governments to fund essential capital improvement projects.

MBFA Priorities & Legislative Update

Preservation of Tax-Exempt Municipal Bonds

The mid-term elections of 2018 presented new opportunities for the MBFA to expand its reach on Capitol Hill as several Congressional seats changed hands and the Democrats took control of Congress. Overall, there were nine **new** Senators (two Democrats, seven Republicans) and 89 **new** Representatives (60 Democrats, 29 Republicans). The MBFA Coalition has been very active in educating the newly elected Members of Congress and their staff on the

importance of preserving the tax-exempt status of municipal bonds by targeting members with backgrounds in financial services and as locally elected officials. Additionally, the MBFA led a direct messaging campaign to all Hill staff with responsibilities for tax and infrastructure by providing them with copies of the BDA's muni bond booklet, "[The Municipal Bond Market: Building America's Infrastructure](#)."

House Municipal Finance Caucus

One of the inaugural founders of the Municipal Finance Caucus, Republican Randy Hultgren (IL), lost their bid for reelection in November 2018. As a result, the MBFA Coalition sent a small delegation to Rep. Dutch Ruppersberger's (D-MD) office in early December to present a list of names as potential replacements to co-chair the caucus in the 116th Congress. Shortly thereafter, it was announced that Rep. Steve Stivers (R-OH) would join Rep. Ruppersberger as the Republican co-chair of the bipartisan group of legislators. As a former licensed securities trader and bank executive, Mr. Stivers has served on the House Financial Service Committee since being elected to Congress in 2011. He and his staff have been very encouraging to work with as they get further involved with municipal finance policy.

Members of the MBFA have supported Reps. Ruppersberger and Stivers by attending fundraisers for them in February and April of this year, respectively.

Advance Refunding Advocacy

The MBFA Coalition has worked very closely with the House Municipal Finance Caucus as a strategic partner in supporting Congressional advocacy for the reinstatement of advance refundings. More specifically, the staff of the co-chairs has leaned on the Coalition for political strategy and support to gain original co-sponsors while they spearheaded the effort to reintroduce

legislation to restore advance refundings. Last month (May), the Caucus introduced [H.R. 2772](#) to restore the tax-exemption for advance refunding bonds. Led by the co-chairs of the Caucus, with the help of the Coalition the bill was introduced by **10 bi-partisan original co-sponsors**. This is a great first step as infrastructure discussion continue to develop between Congress and the Trump Administration.

Additionally, the Caucus relied heavily on the Coalition to gain **113 signatures** from Members of Congress to join their annual [Dear Colleague](#) letter in support of municipal bonds.

Private Activity Bonds

Members of the MBFA Coalition continue to advocate and support Congressional efforts that would support the decision to maintain the current-law tax exemption for infrastructure projects that can be funded with private activity bonds (PABs) without being subject to the volume cap. While not all members of the Coalition issue PABs, we stand in support of our members that support proposals that would expand their use for qualified projects as long as the tax-exemption remains untouched.

Bank Qualified Bonds

The MBFA Coalition has not directly advocated on this issue in the past. However, with the current pressure to get an infrastructure package passed in whole, or in part, we have decided to add this important topic to our advocacy items in 2019. The political environment is just right on this issue in particular as we want to make as much forward progress on these tax issues as possible while the tax-writing committees have their books open. In other words, we can have several bites at the apple as Congress remains open to a comprehensive infrastructure plan.

The MBFA believes that Congress should set the bank qualified debt limit at \$30 million and provide indexing of the limit for future years. The small borrower bank qualified debt limit should be applied on a borrower-by-borrower basis, rather than aggregating all bank qualified bonds issued by the conduit issuer. Ultimately, we believe this will allow entities to more easily access the capital markets, and sell debt in an efficient, less costly manner, resulting in savings for taxpayers.

Upcoming Events

Thursday, June 13th

MBFA Executive Committee Meeting

- Members of the MBFA Executive Committee will meet to discuss Coalition advocacy for 2019/2020, upcoming Executive Committee vacancies, and future events.

MBFA Coalition Lobby Day

Coalition participants will be meeting with 23 different Members of Congress and staffers with committee responsibilities over tax and infrastructure. Committees include House Ways & Means, Senate Finance, House Transportation and Infrastructure, and Senate Environment and Public Works.

Fundraiser for Terri Sewell (D-GA)

- The BDA will co-host a fundraiser for long-time bond supporter and former bond counsel, Terri Sewell.

Friday, June 14th

MBFA Seminar - The Municipal Bond Market: Building America's Infrastructure

- The seminar will include the following speakers

- **Patrick Luby, CreditSights (Moderator)**
- **Erica Boggess, West Virginia Housing Development Fund**
- **John Markowitz, Massachusetts Bay Transportation Authority**
- **Eric Kazatzky, Clark Capital Management**

Tuesday, June 18th

MBFA Technical Advisory Committee Meeting in New York (by invitation only)

MBFA Executive Committee

Steve Benjamin, *MBFA Chair*

Mayor

Columbia, South Carolina

Kevin M. Burke, *Vice Chair*

Airports Council International – North America

Michael Nicholas, *Secretary*

Bond Dealers of America

Sue Kelly

American Public Power

Clarence Anthony

National League of Cities

Jane Campbell, *Ex-Officio*

Former Mayor, Cleveland, OH

Aindriu Colgan, *Ex-Officio*
The Ferguson Group

Matt Posner, *Ex-Officio*
The Municipal Impact Coalition

Patrick Luby, *Ex-Officio*
CreditSights

MBFA Coalition Members

To view a complete list of MBFA Coalition Members, click [here](#) to view on the MBFA website.

For more information on the MBFA please visit www.munibondsforamerica.org