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GFOA Members Lobby Congress on Muni Exemption.

WASHINGTON — Members of the Government Finance Officers Association are asking House lawmakers to sign onto a bipartisan letter seeking an assurance that any infrastructure legislation enacted this year won't jeopardize the tax exemption for municipal bonds.

More than 100 GFOA members who are attending their organization's winter meeting here are expected to visit members of Congress Tuesday. GFOA's goal is to get more than 218 House members, a majority of the chamber, to sign on to the letter, written by House Municipal Finance Caucus co-chairs Reps. C.A. "Dutch" Ruppersberger, D-Md., and Steve Stivers, R-Ohio.

The letter is addressed to House Ways and Means Committee Chairman Richard Neal, D-Mass., and ranking member Rep. Kevin, Brady, R-Texas.

Neal has been a longtime member of the Municipal Finance Caucus, but Brady has not and in late 2017 shepherded through his chamber legislation that proposed terminating tax-exempt private activity bonds and advance refundings as part of the Tax Cuts and Jobs Act.

The exemption for PABs was saved during conference negotiations with the Senate over the final tax bill, but the elimination of advance refundings remained in the final bill.

Emily Brock, director of GFOA's federal liaison center, told members of the debt committee Monday that preservation of the muni tax exemption should be their starting point in discussions with lawmakers.

GFOA also is asking its members — who represent local governments in places ranging from San Bernardino, Calif., and Rock Hill, S.C. — to ask House members to join the bipartisan Municipal Finance Caucus.

Legislatively in the muni bond area, GFOA's priorities include reinstatement of advance refundings and enhancement of what is being described as "bank eligible" bonds to lawmakers and their staffers.

Bank eligible bonds refers to what has been known in the muni industry as bank qualified or BQ debt.

The lobbying seeks to raise the limit for bank eligible bonds to \$30 million per individual borrower and link the limit to inflation so that smaller borrowers such as small airports and rural public cooperatives can finance their bonds through local banks.

The current limit for bank qualified debt is \$10 million and it applies to conduit issuers rather than the individual borrowers.

The 2009 American Recovery and Reinvestment Act economic stimulus bill temporarily increased the bank eligible bonds limit to \$30 million for borrowers so GFOA has examples of how it was used.

However, in the last Congress there was no House sponsor of a bill on bank qualified loans or bank eligible bonds. Two Democrats on the Senate Finance Committee — Sens. Robert Menendez of New Jersey and Ben Cardin of Maryland — sponsored a Senate version of the bill. Their bill also would allow individual small borrowers who are part of a larger pooled debt issue to place \$30 million in bank eligible debt.

As part of the new legislative push, a three-member GFOA delegation was scheduled to meet Tuesday with the staff of Senate Finance Committee Chairman Charles Grassely, R-Iowa, to explain how an increase in the limit on bank eligible bonds might benefit small borrowers in Iowa.

GFOA also wants its members to ask lawmakers to support permanent repeal of the excise tax on so-called Cadillac health plans enjoyed by member of some public employee unions. A bipartisan bill introduced last week, H.R. 748, by Rep. Joe Courtney, D-Conn., to do that already has 41 cosponsors, including 18 Republicans.

The Cadillac tax was one of the revenue raisers included in the Affordable Care Act.

By Brian Tumulty

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