



May 12, 2010

The Honorable Sander M. Levin
Chairman
House Ways and Means Committee
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Dave Camp
Ranking Member
House Ways and Means Committee
1139E Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Levin and Ranking Member Camp:

We are writing to thank you for Section 203 of H.R. 4849, the Small Business and Infrastructure Jobs Tax Act of 2010 and to urge the Committee to ensure this vital language is included in the next tax bill sent to the president this year for signature. Section 203 of H.R. 4849 would extend for one year the provisions included in the American Reinvestment and Recovery Act (ARRA) that exempt the interest earned on private activity bonds (PABs) from the Alternative Minimum Tax (AMT) for bonds issued in 2011 and provides for the refinancing of bonds issued between 2004 and 2008.

Since the passage of H.R. 1, issuers of student loan, airport, and seaport bonds have all benefited from this exemption, which has enabled them to both locate buyers for their bonds and to take advantage of lower interest rates. Ultimately, the success of this provision in stimulating the economy has been widespread, running the gamut from helping students secure low interest student loans for college to making safety improvements in our national infrastructure that have helped create new jobs. Furthermore, the AMT exemption has been so successful in spurring economic growth that in the Obama Administration's Fiscal Year 2011 budget proposal, the president proposed extending the provision.

To date, a number of ports have taken advantage of the AMT exemption by finding buyers for their bonds at a lower borrowing cost. An example of this is Broward County, Florida (County), which issued \$83,235,000 in bonds in July 2009 to fund a terminal port project at Port Everglades. Issuing these bonds as exempt from the AMT will save the County approximately \$10 million during the 20 year life of the bonds while creating an estimated 2,000 jobs.

With unemployment still high, a higher education is increasingly necessary for young people to secure good jobs. Adult workers are also finding it necessary to return to school for retraining. Many of these individuals are now paying reduced rates on the student loans they require to finance this schooling, as a result of the AMT exemption, which enables municipal student loan issuers to reduce their cost of funds and pass the savings on to borrowers. The borrower rate on private student loans financed by a \$318 million February bond issuance by the Massachusetts Educational Financing Authority was as much as 50 basis points lower than it would have been

had the bond been subject to the AMT. Since the AMT exemption was enacted last year, there have been 12 student loan municipal PABs issued free of the AMT, with a total issuance volume of \$2.9 billion.

From January 2009 to April 8, 2010, the airport industry has conducted 87 AMT transactions totaling \$11.6 billion in PABs with \$9 billion of the total benefitting from AMT relief. The overall cost savings, according to the Federal Aviation Administration (FAA), has topped \$635 million while allowing construction to continue and jobs to be created at airports across the country. For example, at the Sacramento International Airport, their \$1.1 billion terminal renovation project was underway in 2008 when the bond market was frozen, resulting in a near-shutdown of the project. Once the AMT waiver was signed into law, Sacramento was able to sell \$480 million in bonds ensuring the completion of the project. The AMT waiver was directly responsible for preserving 1,200 construction jobs at the airport.

If Congress extends the AMT provision this year, it would allow private activity bond issuers to be able to adequately plan critical projects and investments. An AMT waiver will stimulate economic activity to the extent that it is done prospectively; delay in enactment of an extension would create uncertainty and postpone needed infrastructure investment. We urge the Committee to ensure this extension is passed into law this year.

Sincerely,



Greg Principato
President
Airports Council International-North America



Peter Warren
President
Education Finance Council.



Kurt J. Nagle
President and CEO
American Association of Port Authorities