DATE

The Honorable \_\_\_\_\_\_\_\_\_\_\_

U.S. House of Representatives

\_\_\_ \_\_\_\_\_\_\_\_ House Office Building

Washington, DC 20515

Dear Congressman/Congresswoman \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_:

**RE: HR 2634 – *Local Infrastructure Financing Tools Act***

I am writing on behalf of the **INSERT THE NAME OF YOUR JURISDICTION** to request that you cosponsor *HR 2634 – the Local Infrastructure Financing Tools Act*, legislation that provides several provisions to modernize municipal bonds, including a permanent increase of the cap for bank qualified-bonds from $10 million to $30 million.

In **INSERT THE NAME OF YOUR JURISDICTION**, bank qualified bonds have contributed to the completion of several critical infrastructure projects, including the $TOTAL COST OF PROJECT AND NAME OF PROJECT (for example – the $8 million downtown water system replacement project). ALSO EXPLAIN THE LOCAL NEED FOR THESE PROJECTS (WHY IS/WAS THE PROJECT NECESSARY? FOR EXAMPLE – THE PROJECT ADDRESSES AN IMPORTANT LOCAL NEED, SUCH AS PROVIDING CLEAN WATER, IMPROVING PUBLIC HEALTH, RELEIVING LOCAL/REGIONAL CONGESTION AND EXPANDING ECONOMIC DEVELOPMENT).

After the creation of bank-qualified bonds in 1986, bank-qualified issuers paid lower infrastructure financing costs than other municipal borrowers, historically, 25 to 40 basis points less. This cost savings for governments who issue $10 million or less in bonds per calendar year is a function of (1) not having to pay higher yields to investors due to investor unfamiliarity with the issuer’s jurisdiction and (2) not having to pay higher transaction costs associated with traditional bond sales. A 25 – 40 bps savings can be considerable for local governments like the **INSERT THE NAME OF YOUR JURISDICTION**. For example, a 25 – 40 bps cost savings on a 15-year, $10 million bond at current interest rates ranges from $232,000 to $370,000. Any cost savings that can be gained for locally-financed capital improvement projects is critical.

As federal and state resources to fund an estimated infrastructure investment gap have been reduced in recent years, local governments, continue to play a leading role in financing these projects through bond issuances. Permanently increasing the bank qualified debt limit to $30 million will not only bring the program into the modern age but will also enable smaller governments to increase the amount of bank-qualified bonds they can issue and realize corresponding cost savings. For example, a 25 – 40 bps cost savings on a 15-year, $30 million bond at current interest rates ranges from $696,000 to $1.1 million. Such a cost savings will help governments like the **INSERT THE NAME OF YOUR JURISDICTION** address local infrastructure needs at reduced costs. For these reasons we hope you will be able to cosponsor H.R. 2634.

Thank you for your consideration of this request.

Sincerely,