

The Honorable Charles Rangel  
Chairman  
House Ways and Means Committee  
1102 Longworth House Office Building  
Washington, DC 20515

October 5, 2009

Dear Chairman Rangel:

Under the leadership of Congressman Richard Neal and Senator John Kerry, H.R. 1, the American Recovery and Reinvestment Act (ARRA), included a provision that exempted the interest earned on private activity bonds (PABs) from the Alternative Minimum Tax (AMT). We ask for your support in permanently extending the AMT exemption for PABs, while allowing for full refinancing of current debt.

Prior to the passage of this legislation, the credit markets were essentially frozen with many industries unable to find buyers for PABs. 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 in just a few short months 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.

For example, 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 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.

A number of student loan PABs were issued this year at lower cost due to the AMT exemption. For instance, the exemption allowed the Maine Education Loan Authority to issue a \$210 million tax-exempt, fixed rate student loan bond that will save a projected \$17.1 million over the life of the bond. The savings will be used to offer needed alternative student loans for borrowers in the state at a rate approximately 81 basis points (0.81%) less than the rate that would have been charged without the lower funding cost due to the AMT exemption.

The refinancing language in the legislation has also helped maintain and create new jobs. For example, at McCarran International Airport in Las Vegas, Nevada \$550 million of bonds there were in need of refinancing were placed in July. This funding was essential for the current \$2.5 billion Terminal 3 project currently under construction. Without the savings from the AMT exemption, this terminal enhancement project would have been closed down, forcing the elimination of 1,600 direct jobs. This terminal project is planned to continue through calendar

year 2011, peaking at 2,400 jobs -- jobs which would not have been maintained and created without this stimulus action.

The cost to the federal government of a permanent AMT exemption is minimal. According to the Joint Committee on Taxation, the language that was included in H.R. 1 would cost the federal government only \$27 million in 2009. The savings to industries that issue PABs and reinvest that savings will far exceed the cost to the federal government, while creating jobs through construction and helping to finance students' higher education. We ask for your support in permanently extending this provision, so that we can continue to help put the economy back on track and keep it moving forward.

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

CC: Congresswoman Nancy Pelosi, Speaker of the House  
Congressman Steny Hoyer, Majority Leader