

December 15, 2015

Honorable Orrin Hatch
Chairman
Senate Finance Committee
104 Hart Senate Office Building
Washington, D.C. 20510

Honorable Ron Wyden
Ranking Member
Senate Finance Committee
221 Dirksen Senate Office Building
Washington, D.C. 20510

Honorable Kevin Brady
Chairman
House Ways and Means Committee
301 Cannon House Office Building
Washington, D.C. 20515

Honorable Sander Levin
Ranking Member
House Ways and Means Committee
1236 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Hatch, Ranking Member Wyden, Chairman Brady and Ranking Member Levin:

We, the undersigned mayors, urge you to support the creation of America Fast Forward (AFF) Transportation Bonds, an innovative financing tool that will boost infrastructure investment, create jobs, and spur significant economic growth.

America Fast Forward Transportation Bonds are backed by a diverse and bi-partisan group of mayors across the United States, as well as the U.S. Conference of Mayors (USCM), the National League of Cities and the National Association of Counties. The AFF Bonds also have broad support from over 250 chambers of commerce across the country – including the national U.S. Chamber of Commerce. Attached is a resolution “Supporting America Fast Forward Transportation Bonds” adopted in June 2015 by the full USCM membership.

Section 54A of the Internal Revenue Code currently provides for five types of qualified tax credit bonds (QTCBs). AFF bonds would be structured as a sixth class of QTCB, the proceeds of which would be solely dedicated to the transportation sector. Currently, no such program exists to support surface transportation infrastructure. It is estimated that AFF Transportation Bonds would leverage private capital to create over 555,000 jobs nationwide.

The AFF program would consist of long-term, non-refundable bonds with a maximum maturity of 35 years subject to an allocation cap of \$4.5 billion per year for 10 years, for a total of \$45 billion in capital. Of the revenues generated, 35 percent of the volume would be allocated to all states based on their proportion of the nation’s population, and 65 percent would be dedicated to projects of regional and national significance.

Eligible issuers would be state or local governments and projects involving public-private-partnerships. Eligible projects would include highways, bridges, tunnels, transit, and intermodal freight facilities.

Ultimately, AFF bonds are a cost-effective way for the federal government to advance investment in major transportation initiatives. Especially as states, localities, and transportation

agencies across the country continue to face anemic infrastructure spending levels, the AFF program promises to inject much needed capital into critical projects.

Accordingly, we ask that you support the enactment of legislation that would amend the Internal Revenue Code to allow for a new class of tax credit bonds dedicated to transportation infrastructure. We believe this program, which would significantly leverage private investment, will accelerate the financing of infrastructure projects, create jobs, and help increase federal, state, and local revenues.

Thank you for your attention to this request.

Respectfully,

Eric Garcetti
Mayor of Los Angeles, CA

Krisanna Clark
Mayor of Sherwood, OR

Kevin Faulconer
Mayor of San Diego, CA

Steve Adler
Mayor of Austin, TX

Michael Coleman
Mayor of Columbus, OH

Scott Foster
Mayor of Hendersonville, TN

Nancy Backus
Mayor of Auburn, WA

Chris Coleman
Mayor of Saint Paul, MN

Karen Freeman-Wilson
Mayor of Gary, IN

William Bell
Mayor of Durham, NC

Jeff Comerchero
Mayor of Temecula, CA

Patrick Furey
Mayor of Torrance, CA

William Bell
Mayor of Birmingham, AL

John Cook
Mayor of Tigard, OR

Robert Garcia
Mayor of Long Beach, CA

Shane Bemis
Mayor of Gresham, OR

Rodney Craig
Mayor of Hanover Park, IL

Richard Garcia
Mayor of Edinburg, TX

Stephen Benjamin
Mayor of Columbia, SC

Pauline Cutter
Mayor of San Leandro, CA

John Giles
Mayor of Mesa, AZ

Luigi Boria
Mayor of Doral, FL

Gary Davis
Mayor of Elk Grove, CA

Andrew Gilich
Mayor of Biloxi, MS

Chris Brown
Mayor of Hawthorne, CA

Lori DeRemer
Mayor of Happy Valley, OR

Kent Guinn
Mayor of Ocala, FL

Bob Buckhorn
Mayor of Tampa, FL

Denny Doyle
Mayor of Beaverton, OR

Andy Hafen
Mayor of Henderson, NV

Tom Butt
Mayor of Richmond, CA

Buddy Dyer
Mayor of Orlando, FL

Wayne Hall
Mayor of Hempstead, NY

Christopher Cabaldon
Mayor of West Sacramento, CA

Jorge Elorza
Mayor of Providence, RI

Michael Hancock
Mayor of Denver, CO

Bill Harrison, Mayor of Fremont, CA	Mark Stodola Mayor of Little Rock, AR	Charles Smith Mayor of Woodmere, OH
Dan Holladay Mayor of Oregon City, OR	Joseph Sullivan Mayor of Braintree, MA	Greg Stanton Mayor of Phoenix, AZ
Lindsey Horvath Mayor of West Hollywood, CA	Jill Swain Mayor of Huntersville, NC	Marilyn Strickland Mayor of Tacoma, WA
James Hovland Mayor of Edina, MN	Ivy Taylor Mayor of San Antonio, TX	Annis Parker Mayor of Houston, TX
Robert Johnson Mayor of North Wilkesboro, NC	Peter Truax Mayor of Forest Grove, OR	Javier Gonzales Mayor of Santa Fe, NM
Geraldine Muoio Mayor of West Palm Beach, FL	Howard Wiggs Mayor of Lakeland, FL	Scott Mann Mayor of Menifee, CA
Edward Murray Mayor of Seattle, WA	William Wild Mayor of Westland, MI	Carl Sherman Mayor of DeSoto, TX
Terry Nagel Mayor of Burlingame, CA	Jerry Willey Mayor of Hillsboro, OR	James Brainard Mayor of Carmel, IN
McKinley Price Mayor of Newport News, VA	William McLeod Mayor of Hoffman Estates, IL	Michael Nutter Mayor of Philadelphia, PA
John Dukes Mayor of Yuba, CA	Edwin Lee Mayor of San Francisco, CA	Charlie Hales Mayor of Portland, OR
Miguel Pulido Mayor of Santa Ana, CA	Cheryl Heitmann Mayor of Ventura, CA	Jason Pu Mayor of San Gabriel, CA
Derrick Henry Mayor of Daytona Beach, FL	Lovely Warren Mayor of Rochester, NY	David Mayer Mayor of Gloucester, NJ
Mike Rawlings Mayor of Dallas, TX	Jan Pepper Mayor of Los Altos, CA	John Dickert Mayor of Racine, WI
Stephanie Rawlings-Blake Mayor of Baltimore, MD	Andrew Fellows Mayor of College Park, MD	Setti Warren Mayor of Newton, MA
Kasim Reed Mayor of Atlanta, GA	Kevin Johnson Mayor of Sacramento, CA	Catherine Carlton Mayor of Menlo Park, CA
Madeline Rogero Mayor of Knoxville, TN	Mitch Landrieu Mayor of New Orleans, LA	Jon Mitchell Mayor of New Bedford, MA
Paul Soglin Mayor of Madison, WI	Hillary Schieve Mayor of Reno, NV	T.M. Franklin Cownie Mayor of Des Moines, IA

Frank Ortis
Mayor of Pembroke Pines, FL

Rick Kriseman
Mayor of St. Petersburg, FL

Mark Mitchell
Mayor of Tempe, AZ

Orlando Ortiz
Mayor of Naranjito, PR

Randon Lane
Mayor of Murrieta, CA

Timothy Mahoney
Mayor of Fargo, ND

Judy Paul
Mayor of Davie, FL

Denis Law
Mayor of Renton, WA

Jamie Matthews
Mayor of Santa Clara, CA

Ed Pawlowski
Mayor of Allentown, PA

Sam Liccardo
Mayor of San Jose, CA

Kevin McKeown
Mayor of Santa Monica, CA

Jeff Longwell
Mayor of Wichita, KS

John Marchand
Mayor of Livermore, CA

CC:

Honorable Mitch McConnell, Senate Majority Leader
Honorable Harry Reid, Senate Minority Leader
Honorable Paul Ryan, Speaker of the House
Honorable Nancy Pelosi, House Democratic Leader

Supporting America Fast Forward Transportation Bonds

WHEREAS, every \$1 billion of investment in the nation's transportation infrastructure supports 36,000 jobs, generates nearly \$500 million in federal, state, and local tax revenues, and confers significant benefits to cities, including supporting economic growth and goods movement; and improving quality of life by helping to alleviate traffic congestion; and

WHEREAS, the Highway Trust Fund has insufficient resources to maintain the current level of federal spending on surface transportation, much less help fund major new investment initiatives; and

WHEREAS, the fiscal and budget realities confronting the Administration and Congress require new innovative, targeted federal financing tools for transportation infrastructure that minimize impacts on the federal budget and maximize new job creation; and

WHEREAS, federal tax incentives can be a highly effective tool for encouraging private sector investment and, unlike direct federal spending, do not require growing the size of the federal government to administer them; and

WHEREAS, Congress has created over \$35 billion of qualified tax credit bonds with bipartisan support for a variety of sectors including: school construction, renewable energy, as well as forestry and energy conservation; and

WHEREAS, America Fast Forward Transportation Bonds would support the creation of a 21st century national surface transportation system by creating a new category of qualified tax credit bonds to stimulate investment in highways, transit, bridges, freight, and intermodal facilities; and

WHEREAS, America Fast Forward Transportation Bonds should enable a project sponsor to undertake substantially greater investments within a defined revenue stream for debt service payments than other borrowing approaches, such as traditional tax-exempt bonds; and

WHEREAS, America Fast Forward Bonds would generate at least 500,000 private sector jobs nationwide; and

WHEREAS, America Fast Forward Bonds have received support from hundreds of mayors across the country and diverse groups including, the National League of Cities, U.S. Chamber of Commerce, Building America's Future, National Association of Regional Councils, National Association of Counties and others,

NOW, THEREFORE, BE IT RESOLVED, that The United States Conference of Mayors urges Congress to create a new category of qualified tax credit bonds for transportation to stimulate infrastructure investment, which would include: \$45 billion program over 10 years; and Federal government supports the interest cost by granting investors an annual tax credit, and the state and local issuer repays the principal with non-federal revenues; and 35 percent of the volume would be allocated to all states based on their proportion of the nation's population, and 65 percent would be allocated at the discretion of the Secretary of Transportation among projects; and Eligible

projects would include: highways, bridges and tunnels; transit and intercity passenger bus or rail; and intermodal freight transfer facilities and private freight facilities conferring a public benefit.

Projected Cost: Approximately \$7.5 billion over 10 years.