



NATIONAL ASSOCIATION OF STATE TREASURERS

March 22, 2010

The Hon. Sander M. Levin
Chairman, Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

Dear Chairman Levin:

I am writing to you on behalf of the National Association of State Treasurers (NAST), the organization that represents the treasurers and chief financial officers of the fifty states, the District of Columbia, and Puerto Rico. We recently conducted our annual Legislative Conference. At that event, our membership devoted considerable time to a discussion of the Build America Bonds program. We had the privilege of hearing from a panel of professional staff members of the Ways and Means Committee, including John Buckley and Aharon Friedman. Following their thorough discussion of the program, NAST members endorsed the proposition that the Build America Bonds program should be extended beyond the end of this current calendar year with an interest rate subsidy that provides economic benefit to issuers of the bonds. Whether this rate should be the current 35 percent or something slightly less would be determined by how well the recovery was felt at the state level. During the course of the discussion, however, it was made quite clear by several state treasurers that a precipitous reduction of the interest rate subsidy to 28 percent, as has been proposed in the President's budget, would mean that their states would not issue such bonds if current economic circumstances remain.

At the same time, NAST has gone on record in the past—and is still on the record at this time—as firmly opposing any attempt to eliminate the ability of states and localities to issue traditional tax exempt municipal bonds. The membership of NAST believes that Build America interest subsidy bonds are a useful complement to traditional tax exempt issues, but tax subsidy bonds should never, and cannot ever, take the place of traditional tax exempt issues.

We are prepared to have one or more of our state treasurers meet with you and committee staff to discuss this issue should you see the need to do so. Arrangements for such a meeting can be made by contacting Jim Currie, Director of Federal Relations for NAST, at 202 624-8592 or at jcurrie@csg.org. We look forward to working with you on this and other issues in the future.

Sincerely,

James B. Lewis
President, National Association of State Treasurers and
New Mexico State Treasurer

President

James B. Lewis, N.M.

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