

RESOLUTION

URGING CONGRESS TO EXTEND THE BUILD AMERICA BOND PROGRAM DURING THE CURRENT FISCAL CRISIS FOR STATES

Encouraging the Congress to enact legislation to provide an extension of the Build America Bond Program during the current fiscal crisis for states, while not harming the current tax exemption for other municipal issues

WHEREAS, Build America Bonds have proven to be a useful way for state and local governments to finance capital expenditures; and

WHEREAS, Build America Bonds have proven very popular with investors, thus making it easier for issuers to acquire the funding required for state and local projects; and

WHEREAS, Build America Bonds have enabled states, cities, and other local government entities to tap new capital markets and to lower their financing costs; and

WHEREAS, Build America Bonds currently receive a federal subsidy for a portion of their borrowing costs equal to 35 percent of the total coupon interest paid to investors; and

WHEREAS, this current 35 percent subsidy rate is viable in the current economic environment and a lesser subsidy rate is not; and

WHEREAS, governmental entities in thirty-eight states and the District of Columbia have issued Build America Bonds with a total value of more than \$60 billion through November 2009; and

WHEREAS, the current statute that established the Build America Bond program requires affirmative action by the Congress to end or reduce the tax payments made to issuers of Build America Bonds; and

WHEREAS, the prompt authorization of an extension of the Build America Bond program during this period of fiscal crisis for state governments would provide assurances to investors and reinforce the market for these bonds and could potentially lower interest costs for governments; and

WHEREAS, neither the current Build America Bond program nor any future program in which the federal government directly subsidizes interest payments

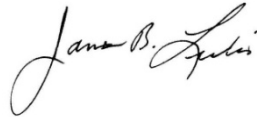
made by state and local bond issuers should provide a basis for termination of or harm to the tax-exempt status of municipal bonds; and

WHEREAS, Build American Bonds, taken together with traditional tax-exempt municipal bonds, provide states and localities with a variety of funding tools for their various borrowing needs; and

WHEREAS, the Build America Bond program is scheduled to expire at the end of calendar year 2010.

NOW, THEREFORE BE IT RESOLVED, that the National Association of State Treasurers urges the Congress to extend the Build America Bond program; that the subsidy rate to issuers of such bonds be sufficient to provide economic benefit; and that the current statutory tax exemption for state and local municipal bond issuers not be eliminated, reduced, or harmed in any way or at any time in the future.

Approved this 17th day of March, 2010 by the
National Association of State Treasurers

A handwritten signature in cursive script, reading "James B. Lewis".

Hon. James B. Lewis
NAST President
New Mexico State Treasurer