



KEVIN BRADY
8TH DISTRICT OF TEXAS
DEPUTY WHIP

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

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SUBCOMMITTEE ON SOCIAL SECURITY
JOINT ECONOMIC COMMITTEE
RANKING HOUSE REPUBLICAN

September 14, 2009

The Honorable Barack H. Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Obama,

We are writing to seek your assistance in expediting changes to a Treasury Regulation that presently inhibits the financing of billions of dollars in infrastructure projects for the public elementary and secondary schools of Texas. Specifically, we write to support the reduction of limitations in Section 1.148-11(d)(1)(vi) of the Treasury regulations under Section 148 of the Internal Revenue Code relating to the amount of tax-exempt bonds permitted to be guaranteed by the Texas Permanent School Fund.

The Texas Permanent School Fund (PSF) guarantee program allows Texas school districts to receive an "AAA" rating on their bonds, thereby lowering their rates and eliminating the need to pay for bond insurance. The PSF has existed since 1854 and in 1983 Texas voters approved a constitutional amendment that created the bond guarantee program. While Texas law currently allows the PSF guarantee-capacity limit to be up to five times the cost value, the Treasury regulation restricts the guarantee capacity to two and one half times the lower of the cost or market value of the PSF.

We understand that revisions to this regulation have been under supportive consideration by the Treasury Department since 2007. Critically, the current economic downturn has pushed the PSF beyond the limits permitted under the existing Treasury Regulation, and the Texas Education Agency has stopped accepting applications from school districts to guarantee their bonds because the program is out of capacity. Texas school districts have been left with the option of not financing needed facilities, or paying significantly higher costs. We believe that expeditious approval of the contemplated regulatory revisions would have an immediate stimulative effect by helping to create construction and teaching jobs as well as improving educational facilities for Texas students.

We appreciate your Administration's attention to this matter and request an indication on when the pending revisions to the regulation may be forthcoming.

Sincerely,



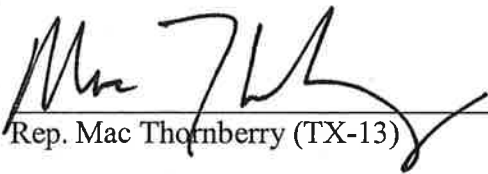
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Rep. Eddie Bernice Johnson (TX-30)

Rep. Kenny Marchant (TX-24)


Rep. Ruben Hinojosa (TX-15)



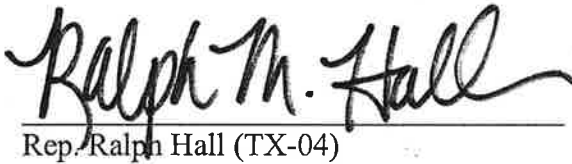
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Rep. Jeb Hensarling (TX-05)



Rep. Gene Green (TX-29)



Rep. Ralph Hall (TX-04)

Rep. Al Green (TX-09)

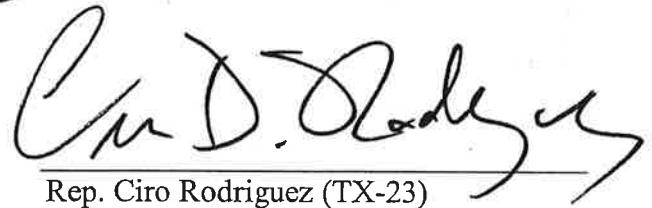


Rep. Ted Poe (TX- 02)

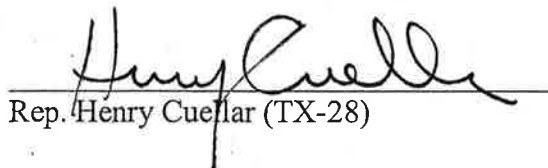


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Rep. Silvestre Reyes (TX-16)



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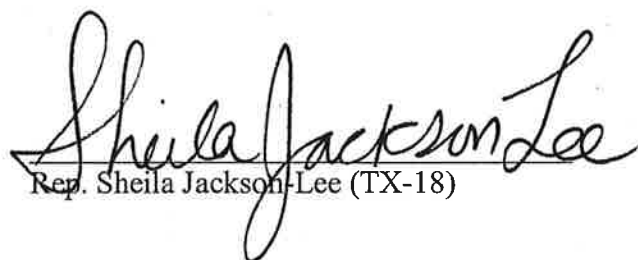
Rep. Chet Edwards (TX-17)

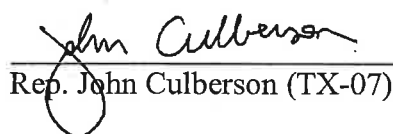

Rep. Kevin Brady (TX-08)

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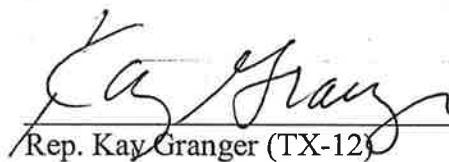
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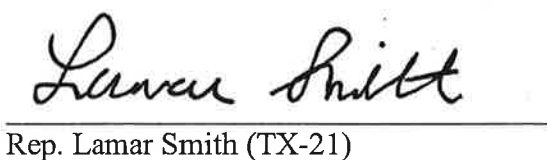

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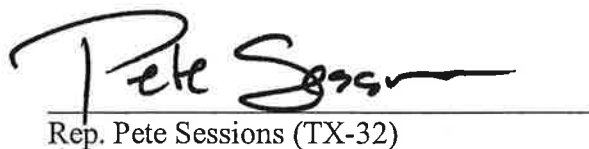

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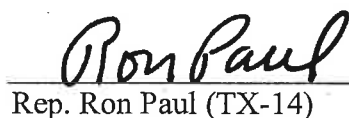

Rep. Pete Olson (TX-22)

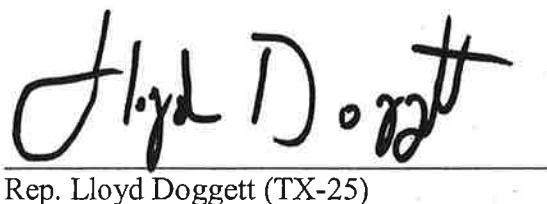

Rep. Joe Barton (TX-06)

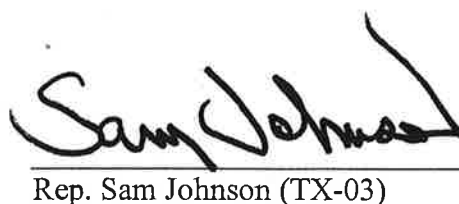

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