

For over 100 years, state and local governments have financed infrastructure and community improvement projects using tax-exempt municipal bonds. Infrastructure financed by municipal bonds makes possible nearly every aspect of daily life and is a critical component in building and maintaining a strong economy for every citizen and company in this country.

Congress has placed the tax-exempt status of municipal bonds at risk. We strongly urge you to reject this notion. The municipal market and tax-exempt municipal bonds are the backbone of state and local government finance and key components in a vibrant federal economy. A reduction or elimination of the tax exemption for municipal bonds could raise infrastructure costs by 10 to 12 percent, with these increased costs being passed directly to taxpayers in your state. Ensuring that issuers can continue to fund capital projects by effective means will ultimately reduce the burden on every taxpayer and all levels of government.

As examination and deliberation continues on ways to reform our federal tax code and improve our country's infrastructure, we reiterate our support for preserving the current laws governing the tax-exempt status of municipal bonds. Cost-effective financing is essential in rebuilding our economy and our nation's infrastructure. Tax-exempt municipal bonds are the only proven mechanism to accomplish this task and their full tax-exempt status must be preserved.