

January 31, 2025

The Honorable John Thune  
Majority Leader, U.S. Senate  
511 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Charles Schumer  
Minority Leader, U.S. Senate  
322 Hart Senate Office Building  
Washington, DC 20510

The Honorable Mike Johnson  
Speaker, U.S. House of Representatives  
568 Cannon House Office Building  
Washington, DC 20515

The Honorable Hakeem Jeffries  
Minority Leader, U.S. House of Representatives  
2433 Rayburn House Office Building  
Washington, DC 20515

## **RE: Protecting Tax-exempt Municipal Bonds**

Dear Senators and Representatives,

On behalf of the Public Finance Network (PFN), we want to welcome you to the 119th Congress. For more than a century, states, local governments, and nonprofits have financed infrastructure and community improvement projects using tax-exempt municipal bonds. This infrastructure makes possible nearly every aspect of daily life and is critical in building and maintaining a strong economy for every citizen and business in the country.

For the following reasons we believe in protecting and bolstering the tax-exempt municipal bond market:

- Tax-exempt municipal bonds are an incredibly efficient financing tool. Market data from 2023 shows tax-exempt municipal bonds reduced state and local borrowing costs by 210 basis points; e.g. from 6.1% to 4%. Elimination of the tax-exemption would correspondingly raise borrowing costs over \$823 billion, a cost that would be passed on to American residents and businesses and amounts to an over \$6,500 tax and rate increase for every American household and business.<sup>1</sup>
- State and local governments bear 90% of the annual value of public-sector construction put in place – most of which is financed with tax-exempt municipal bonds, resulting in a 10-year volume of issuance in excess of \$4 trillion.<sup>2</sup> While these include some of the nation’s largest infrastructure projects, the majority fund routine, but critical investments made by small towns and rural communities, with 61,914 projects costing less than \$10 million financed by tax-exempt bonds in the last decade alone. These investments make our communities livable and commerce possible.<sup>3</sup>
- Municipal bonds are a dependable fixed-income investment for a specific investor base – those 65 and older. In exchange for the interest being exempt from federal tax, investors agree to receive a lower rate of return – a 210 basis point savings to state and local governments as noted above. But investors also benefit from an extremely well understood, well regulated, and dependable fixed-income financial investment. With a default rate of less than 0.1%, nearly 60 percent of tax-exempt bond interest earned by individuals goes to those age 65 and older.<sup>4</sup>

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<sup>1</sup> [Protecting Bonds to Build Infrastructure and Create Jobs](#)

<sup>2</sup> [U.S. Census Bureau. Construction Spending, December 2, 2024](#)

<sup>3</sup> LSEG (January 17<sup>th</sup>, 2025). “Municipal v Corporate Bond Issue Size (2014-2023).” (LSEG Workspace)

<sup>4</sup> [Understanding Financing Options Used for Public Infrastructure: A Primer](#)

Finally, we would like to reiterate that all the undersigned organizations are here to serve as resources for you and your team.

We look forward to working with you.

**Government Finance Officers Association**, Emily Swenson Brock, 202-393-8467  
**Airports Council International – North America**, Annie Russo, 202-293-4544  
**American Hospital Association**, Jocelyn Francis, 202-638-1100  
**American Planning Association**, Jason Jordan, 202-349-1005  
**American Public Gas Association**, Joshua St. Pierre, 202-407-0015  
**American Public Power Association**, John Godfrey, 202-467-2929  
**American Public Transportation Association**, Ward McCarragher, 202-819-4895  
**American Public Works Association**, Andrea Eales, 202-218-6730  
**American Securities Association**, Jessica Giroux, 518-469-1565  
**American Society of Civil Engineers**, Eleanor Lamb, 202-789-7847  
**American Water Works Association**, Nate Norris, 202-236-6122  
**Association of Metropolitan Water Agencies**, Dan Hartnett, 202-505-1565  
**Association of Public and Land Grant Universities**, Craig Lindwarm, 202-478-6032  
**Association of School Business Officials International**, Elleka Yost, 866-682-2729  
**Bond Dealers of America**, Brett Bolton, 850-393-3728  
**Council of Development Finance Agencies**, Toby Rittner, 614-705-1300  
**Education Finance Council**, Gail daMota, 202-552-8505  
**International City/County Management Association**, Amber Snowden, 202-460-2280  
**Large Public Power Council**, Tom Falcone, 202-417-8836  
**National Alliance for Public Charter Schools**, Christy Wolfe, 571-294-5237  
**National Association of Bond Lawyers**, Brian Egan, 202-503-3290  
**National Association of Clean Water Agencies**, Kristina Surfus, 202-833-4655  
**National Association of College and University Business Officers**, Ashley Jackson, 202-861-2552  
**National Association of Counties**, Paige Mellerio, 202-942-4272  
**National Assoc. of Health and Educational Facilities Finance Authorities**, Chuck Samuels, 202-434-7311  
**National Association of Municipal Advisors**, Susan Gaffney, 703-395-4896  
**National Association of Regional Councils**, Erich Zimmerman, 202-618-5697  
**National Association of State Auditors, Comptrollers and Treasurers**, Cornelia Chebinou, 202-989-6801  
**National Association of State Treasurers**, Dillon Gibbons, 916-290-3741  
**National Association of Towns and Townships**, Jennifer Imo, 202-331-8500  
**National Community Development Association**, Vicki Watson, 540-656-9552  
**National Conference of State Legislatures**, Brian Wanko, 202-624-8197  
**National Council of State Housing Agencies**, Garth Rieman, 202-624-7710  
**National League of Cities**, Dante Moreno, 202-626-3058  
**National Special Districts Association**, David Ulbricht, 503-472-9965  
**Securities Industry and Financial Markets Association**, Nick Key, 202-962-7330  
**The Council of State Governments**, Jamal Nelson, 202-624-5460  
**The United States Conference of Mayors**, Dave Gatton, 202-957-6530