Government Finance Officers Association

January 21, 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: Tax-exempt Municipal Bonds

Dear Senators and Representatives,

On behalf of the Government Finance Officers Association (GFOA), 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 preserving and bolstering the tax-exempt municipal bond market:

- A combination of local control and local responsibility makes municipal bonds an incredibly effective tool for creating infrastructure across the country. Voters overwhelmingly support tax-exempt municipal bonds, which are either approved by locally elected officials or directly through bond referenda, making it a compelling example of fiscal federalism.
- In the last decade alone, $2.7 trillion in municipal bonds have been used to finance more than 80,000 new projects nationwide.[1] These include roads, bridges, public transit, ports, airports,

[1] The Bond Buyer, 2023 in Statistics: Annual Review (Feb. 22, 2024), at A3; The Bond Buyer, 2022 in Statistics: Annual Review (Feb. 13, 2023), at A3; The Bond Buyer, 2021 in Statistics: Annual Review (Feb. 22, 2022), at A3; The Bond Buyer, 2020 in Statistics: Annual Review (Mar. 1, 2021), at A3; The Bond Buyer/Thomson Reuters 2020 Yearbook (March 2020).

parks, affordable housing, water and wastewater facilities, schools, libraries, town halls, nonprofit hospitals and clinics, colleges and universities, electric power and gas facilities, fire houses, and police stations.

- State and local governments are responsible for more than 90 percent of all public-sector construction spending, most of which is funded through tax-exempt municipal bonds.[2]
- As a tool that has been tried and proven to work for years, we highly encourage enhancing tax-exempt municipal bonds as you look to further invest in the nation's infrastructure. The economic security of millions of citizens depends on municipal bonds.
- Elimination of the tax-exemption would correspondingly raise borrowing costs $823.92 billion, a cost that would be passed onto American residents and amount to a $6,554.67 tax and rate increase for each American household over the next decade.

Finally, we would like to reiterate that we are here to serve as resources for you and your team, along with members of the GFOA led Public Finance Network (PFN). The following are a few resources specific to tax-exempt municipal bonds for your review:

1. Our Public Finance Network Primer on financing local infrastructure
2. Our Built by Bonds Data Brief

We look forward to working with you.

Sincerely,

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[2] U.S. Census Bureau, Construction Spending, December 2, 2024. Additional information on the survey methodology may be found at census.gov/construction/c30/meth.html