Congress of the United States
Washington, DC 20515

March 8, 2017

The Honorable Kevin Brady
Chairman
Committee on Ways & Means
U.S. House of Representatives

The Honorable Richard Neal
Ranking Member
Committee on Ways & Means
U.S. House of Representatives

Dear Chairman Brady and Ranking Member Neal:

As Congress considers tax reform and infrastructure financing, we, the undersigned, write to express our strong support for a potent tool already in hand – the tax-exempt municipal bond. For more than a century, states and local governments have depended on this reliable and efficient means of financing.

Nearly two-thirds of core infrastructure investments in the United States are financed with municipal bonds. In 2015 alone, more than $400 billion in municipal bonds were issued to finance the projects that touch the daily lives of every American citizen and business. They are the roads we drive on, schools for our children, affordable family housing, water systems that supply safe drinking water, courthouses, hospitals and clinics to treat the sick, airports and ports that help move products domestically and overseas, and, in some cases, the utility plants that power our homes, businesses, and factories. These are the pro-growth investments which spur job creation, help our economies grow, and strengthen our communities.

A combination of local control and local responsibility makes municipal bonds an incredibly effective and efficient tool. Voters throughout the country overwhelmingly support tax-exempt municipal bonds, which are either approved by locally-elected officials or directly through bond referenda – fiscal federalism at its finest. This must help explain why the default rate is less than 0.01%. Federal tax exemption reduces the cost of issuing municipal bonds, but it is these voters who will pay the interest and principle on this debt. As a result, over the last decade overall state and local borrowing has actually declined in proportion to the economy, while still financing more than $2 trillion in new infrastructure investments. And, if simply left alone, municipal bonds likely will finance another $3 trillion in new infrastructure investments by 2026.

Furthermore, millions of Americans depend on municipal bonds for their economic security, and invest in them because of their low-risk nature. Nearly three-quarters of individual investors earn less than $200,000 per year, and more than three-quarters are 55 or older. Businesses also rely on municipal bonds as a safe, stable, long-term investment.

In conclusion, changes to the tax-code should recognize the vital role of tax-exempt municipal bonds. Any changes under consideration to the tax exempt status that would increase the cost of financing for states and local government should be provided very careful consideration. We believe the current tax-exempt status contributes to efficient economic growth that benefits all Americans.

Very Respectfully,

Randy Hultgren
Member of Congress

C.A. Dutch Ruppersberger
Member of Congress
Mark DeSaulnier  
Member of Congress

Debbie Dingell  
Member of Congress

Bradley Byrne  
Member of Congress

Rob Bishop  
Member of Congress

Alan Lowenthal  
Member of Congress

Tom O'Halleran  
Member of Congress

Eric Swalwell  
Member of Congress

John Yarmuth  
Member of Congress

Salud Carbajal  
Member of Congress

Michelle Lujan Grisham  
Member of Congress

Mia Love  
Member of Congress

Scott Tipton  
Member of Congress

Alma S. Adams  
Member of Congress

Robert Pittenger  
Member of Congress
Mike Simpson  
Member of Congress

Gus Bilirakis  
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Rick Larsen  
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Peter DeFazio  
Member of Congress

Eleanor Holmes Norton  
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Bill Posey  
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John Culberson  
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Marcy Kaptur  
Member of Congress

Brad Sherman  
Member of Congress

Brian Mast  
Member of Congress

Terri Sewell  
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Collin C. Peterson  
Member of Congress

Steve King  
Member of Congress
Maxine Waters  
Member of Congress

Ben Ray Luján  
Member of Congress

Pete Sessions  
Member of Congress

Gerald E. Connolly  
Member of Congress

Tom Marino  
Member of Congress

David N. Cicilline  
Member of Congress

Gwen Moore  
Member of Congress

Keith Ellison  
Member of Congress

Peter Welch  
Member of Congress

Lloyd Doggett  
Member of Congress

Doris Matsui  
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Tim Walz  
Member of Congress

Don Young  
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Sean Duffy  
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Darren Soto  
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Ami Bera  
Member of Congress

Bradley Schneider  
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Joe Wilson  
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Anthony Brown  
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Mark Takano  
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Kathleen Rice  
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Derek Kilmer  
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Tony Cárdenas  
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Don Bacon  
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Lee Zeldin  
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Dave Loebsack  
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Juan Vargas  
Member of Congress

Grace F. Napolitano  
Member of Congress