Tax-Exempt Municipal Bonds Sustain South Dakota’s Water Infrastructure

$48.9 million – The average value of tax-exempt municipal bonds communities across South Dakota issued between 2011 and 2016 to fund improvements to drinking water and wastewater infrastructure.

$20.8 million – Additional debt service costs cities and towns in South Dakota would incur over their payback periods if interest earned on these bonds was fully taxable, a 25 percent increase.*

$14.8 million – Clean Water and Drinking Water State Revolving Fund assistance the federal government provided to South Dakota in 2016. Fully taxing municipal bond interest would cost the state nearly 1.5 times the value of this year’s SRF assistance.

Affordable investment in South Dakota’s water infrastructure should not be a consequence of tax reform.

AMWA and NACWA urge you to preserve tax-exempt municipal bonds.

*Based on Bloomberg data assuming uniform $50 million projects with 30-year loan maturities and “AA” credit ratings.