Tax-Exempt Municipal Bonds Sustain Tennessee’s Water Infrastructure

$264.5 million – The value of tax-exempt municipal bonds communities across Tennessee issued in 2016 to fund improvements to drinking water and wastewater infrastructure.

$112.3 million – Additional debt service costs cities and towns in Tennessee would incur over their payback periods if interest earned on these bonds was fully taxable, **a 25 percent increase.***

$27.7 million – Clean Water and Drinking Water State Revolving Fund assistance the federal government provided to Tennessee in 2016. Fully taxing municipal bond interest would cost the state **4 times** the value of this year’s SRF assistance.

Affordable investment in Tennessee’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.