Congress of the United States
Washington, DC 20515

Chairman Richard Neal
House Committee on Ways and Means
1139 Longworth House Office Building
Washington, DC 20515

Ranking Member Kevin Brady
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Neal and Ranking Member Brady:

As your Committee prepares its agenda for the 116th Congress—which may include potential changes to the tax code and legislation to improve infrastructure financing—we write to express our support for a potent tool: tax-exempt municipal bonds. 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 2018 alone, more than $325 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 effective tool and an expression of fiscal federalism. Voters throughout the country overwhelmingly support tax-exempt municipal bonds, which are either approved by locally-elected officials or directly through bond referenda. The federal tax exemption reduces the cost of issuing municipal bonds, making important community infrastructure cheaper for taxpayers and freeing up resources for other needs. Should this tax exemption be preserved, it is estimated that municipal bonds will finance another $3 trillion in new infrastructure investments by 2028.

Any proposal to eliminate or reduce the value of the tax exemption on municipal bonds will raise borrowing costs for our state and local governments, reduce infrastructure investment in the communities we represent, and stall or threaten job creation. For these reasons, we ask that your Committee carefully consider the impact of any changes to the tax status of municipal bonds.

Sincerely,

C.A. Dutch Ruppersberger

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Member of Congress
Co-Chair, Municipal Finance Caucus

Steve Stivers
Member of Congress
Co-Chair, Municipal Finance Caucus