MEMO# 25495

September 19, 2011

Joint Letter Regarding Status of Tax-Exemption for Municipal Bonds

[25495]

September 19, 2011

TO: MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 46-11
FIXED-INCOME ADVISORY COMMITTEE No. 69-11 RE: JOINT LETTER REGARDING STATUS OF TAX-EXEMPTION FOR MUNICIPAL BONDS

The status of the tax-exemption for municipal bonds has been in discussion as part of the review of government spending and tax reform. ICI recently joined a group of government associations and trade groups in sending a letter to each member of the Joint Select Committee on Deficit Reduction ("Super Committee") urging the Committee to continue to support federal tax-exempt bond financing. [*] The letter states that, "Maintaining the tax-exemption on municipal bonds is essential to help our national economy grow, create jobs, and best serve the constituencies of each community." It explains that tax-exempt bonds are the primary means for funding public infrastructure; consequently, loss of the exemption would increase the costs for state and local governments to raise capital. The letter to the Super Committee further explains that an increase in such costs ultimately would be borne by taxpayers.

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Attachment

endnotes

[*] The letter was sent prior to the Administration's announcement of the American Jobs Act of 2011, available at http://www.whitehouse.gov/jobsact#overview.