Date

The Honorable NAME

U.S. House of Representatives

Street

Washington, D.C. Zip Code

Dear Representative NAME:

The City of CITY is concerned about the discussion being held in Washington, D.C. to eliminate or limit the tax exemption of municipal bonds and I am writing to urge you to oppose any efforts by Congress or the Administration to do so.

Tax-exempt bonds are the primary mechanism for funding the nation’s public infrastructure. Interest earned on municipal bonds has been tax-exempt from federal income tax since 1913, just as federal bonds are exempt from state and local taxes. The tax-exempt status of the bonds has allowed municipalities to offer bonds at lower interest rates to investors, generating trillions of dollars in investment and saving taxpayers millions of dollars in borrowing costs. If the tax-exempt status is limited or eliminated, local governments will pay more to finance projects, leading to less infrastructure investment, fewer jobs, and greater burdens on residents who will have to pay higher taxes and fees to attract investors.

The need for infrastructure investment—and the jobs that come with it—is critical. Our community would be particularly impacted by the higher cost of borrowing. [Include recent project and increased cost of borrowing if exemption was eliminated or limited.] Retaining the federal tax exemption for municipal bonds is key to our fiscal health and that of local governments across the country.

My city has worked hard to balance its budget in the face of declining revenues and we are acutely aware of the difficult decisions Congress must face in the coming months. However, deficit cutting measures should not shift tax burdens onto local taxpayers or impede economic development. Eliminating or restricting the tax-exemption on municipal bond interest does just that and I respectfully request you oppose any of these efforts. Thank you for your consideration.

Sincerely,

Local Official