March 8, 2017

The Honorable Kevin Brady
Chairman
Committee on Ways & Means
U.S. House of Representatives

The Honorable Richard Neal
Ranking Member
Committee on Ways & Means
U.S. House of Representatives

Dear Chairman Brady and Ranking Member Neal:

As Congress considers tax reform and infrastructure financing, we, the undersigned, write to express our strong support for a potent tool already in hand – the tax-exempt municipal bond. 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 2015 alone, more than $400 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 incredibly effective and efficient tool. Voters throughout the country overwhelmingly support tax-exempt municipal bonds, which are either approved by locally-elected officials or directly through bond referenda – fiscal federalism at its finest. This must help explain why the default rate is less than 0.01%. Federal tax exemption reduces the cost of issuing municipal bonds, but it is these voters who will pay the interest and principle on this debt. As a result, over the last decade overall state and local borrowing has actually declined in proportion to the economy, while still financing more than $2 trillion in new infrastructure investments. And, if simply left alone, municipal bonds likely will finance another $3 trillion in new infrastructure investments by 2026.

Furthermore, millions of Americans depend on municipal bonds for their economic security, and invest in them because of their low-risk nature. Nearly three-quarters of individual investors earn less than $200,000 per year, and more than three-quarters are 55 or older. Businesses also rely on municipal bonds as a safe, stable, long-term investment.

In conclusion, changes to the tax-code should recognize the vital role of tax-exempt municipal bonds. Any changes under consideration to the tax exempt status that would increase the cost of financing for states and local government should be provided very careful consideration. We believe the current tax-exempt status contributes to efficient economic growth that benefits all Americans.

Very Respectfully,

Randy Hultgren
Member of Congress

C.A. Dutch Ruppersberger
Member of Congress
Luke Messer  
Member of Congress

Robin L. Kelly  
Member of Congress

Mark Walker  
Member of Congress

Grace Meng  
Member of Congress

Dan Newhouse  
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Raul Ruiz  
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Beto O'Rourke  
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Al Lawson, Jr.  
Member of Congress

Zoe Lofgren  
Member of Congress

Jared Huffman  
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Michael Capuano  
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Mark Pocan  
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Andy Barr  
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David Scott  
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John Rutherford  
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David Young  
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Ruben Kihuen  
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Doug LaMalfa  
Member of Congress  

Mark Amodei  
Member of Congress  

Jacky Rosen  
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Barbara Comstock  
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Mike Thompson  
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Anna Eshoo  
Member of Congress  

Pramila Jayapal  
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Ryan A. Costello  
Member of Congress  

Peter King  
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David Rouzer  
Member of Congress
Denny Heck
Member of Congress

Richard Hudson
Member of Congress

Joseph P. Kennedy, III
Member of Congress

James P. McGovern
Member of Congress

Mario Diaz-Balart
Member of Congress

Ted Yoho
Member of Congress

Ro Khanna
Member of Congress

Charlie Crist
Member of Congress

Jamie Raskin
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Dennis Ross
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Suzanne Bonamici
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Jim Banks
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Claudia Tenney
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Brian Fitzpatrick
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Mark DeSaulnier
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Debbie Dingell
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Bradley Byrne
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Rob Bishop
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Alan Lowenthal
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Tom O’Halleran
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Eric Swalwell
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John Yarmuth
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Salud Carbajal
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Michelle Lujan Grisham
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Mia Love
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Scott Tipton
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Alma S. Adams
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Robert Pittenger
Member of Congress
Daniel Lipinski
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Alcee L. Hastings
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William R. Keating
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Nita M. Lowey
Member of Congress

Rick Nolan
Member of Congress

Jan Schakowsky
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Mo Brooks
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Luis V. Gutiérrez
Member of Congress

Lamar Smith
Member of Congress

Steve Womack
Member of Congress

Lois Frankel
Member of Congress

Austin Scott
Member of Congress

Wm. Lacy Clay
Member of Congress
Mike Simpson  
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Gus Bilirakis  
Member of Congress

Rick Larsen  
Member of Congress

Peter DeFazio  
Member of Congress

Eleanor Holmes Norton  
Member of Congress

Bill Posey  
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John Culberson  
Member of Congress

Marcy Kaptur  
Member of Congress

Brad Sherman  
Member of Congress

Brian Mast  
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Terri Sewell  
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Collin C. Peterson  
Member of Congress

Steve King  
Member of Congress
John Delaney
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Bill Johnson
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Kevin Cramer
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Dave Trott
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Rob Woodall
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Bradley Schneider  
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Anthony Brown  
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Mark Takano  
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Barbara Lee
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