COUNTIES URGE CONGRESS *to* PROTECT TAX-EXEMPT MUNICIPAL BONDS

MUNICIPAL BONDS ADVOCACY TOOLKIT

NATIONAL ASSOCIATION *of* COUNTIES NACo

ABOUT NACo

The National Association of Counties (NACo) unites America's 3,069 county governments. Founded in 1935, NACo brings county officials together to advocate with a collective voice on national policy, exchange ideas and build new leadership skills, pursue transformational county solutions, enrich the public's understanding of county government, and exercise exemplary leadership in public service.

MISSION

Through NACo, county officials:

- Advocate with a collective voice on national policy
- Exchange ideas and build new leadership skills
- Pursue transformational, cost-effective solutions
- Enrich the public's understanding of county government, and
- Exercise exemplary leadership in public service.

VISION

Healthy, vibrant and safe counties across the United States.

STRONGER COUNTIES.
STRONGER AMERICA.

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NATIONAL ASSOCIATION *of* COUNTIES NACo

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Earlier this year, Speaker of the U.S. House of Representatives Paul Ryan (R-Wis.) issued a blueprint on tax reform which outlined broad principles for comprehensive tax reform. However, the blueprint did not provide specific policy recommendations on the tax treatment of municipal bond interest. Speaker Ryan asked the House Ways and Means Committee, led by Chairman Kevin Brady (R-Texas), to draft a comprehensive tax reform package by December 2016 that could be ready to hand to the new president in January.

Tax-exempt bonds are a critical tool for counties that facilitate budgeting and financing for long range investments in the infrastructure and facilities necessary to meet public demand. Without the tax-exemption, counties would pay more to raise capital, a cost that would ultimately be felt by taxpayers as it would result in reduced spending on county roads, bridges and other essential infrastructure, slower economic development and higher taxes and fees.

Included in this toolkit are resources to assist you in your own advocacy efforts in support of tax-exempt municipal bonds. **NACo encourages all county officials to contact their Senators and Members of Congress, engaging with local news media and utilizing social media to advocate for the protection of the tax-exempt status of municipal bond interest and tax reform efforts.**

ACTION ITEMS!

ENGAGE YOUR MEMBERS OF CONGRESS ON SOCIAL MEDIA

Remember to tag your members of Congress in your tweets and Facebook posts. Sample tweets and posts for social media are provided in this toolkit.

PUBLISH AN OP-ED OR LETTER TO THE EDITOR IN YOUR LOCAL NEWSPAPER

This toolkit includes a sample Op-Ed and Letter to the Editor along with talking points on the importance of PILT to help you write your own.

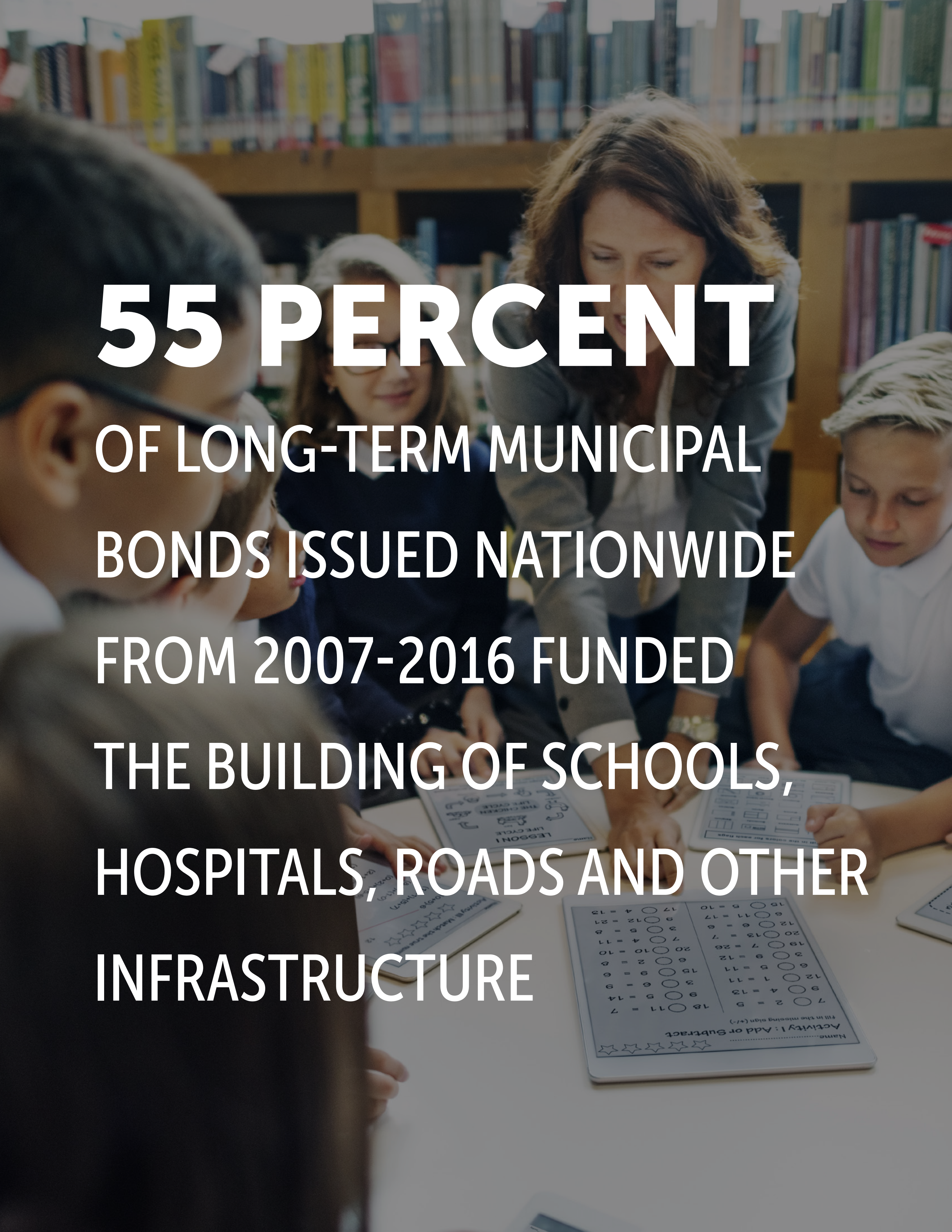
WRITE YOUR MEMBERS OF CONGRESS

A sample letter to Congress is included in this toolkit

FROM 2007-2016, COUNTIES, LOCALITIES, STATES AND STATE/ LOCAL AUTHORITIES FINANCED OVER

$3.1 TRILLION *in* INFRASTRUCTURE

INVESTMENT USING MUNICIPAL BONDS



55 PERCENT

OF LONG-TERM MUNICIPAL BONDS ISSUED NATIONWIDE FROM 2007-2016 FUNDED THE BUILDING OF SCHOOLS, HOSPITALS, ROADS AND OTHER INFRASTRUCTURE

BACKGROUND

As part of the first federal tax code in 1913, tax-exempt bonds are a well-established financing tool. They are predominantly issued by state and local governments for their infrastructure and capital needs. The debt issued for capital projects helps governments pay for public projects, such as the construction or improvement of schools, streets, highways, hospitals, bridges, water and sewer systems, ports, airports and other public works.

Deficit reduction efforts in recent years resulted in cuts in aid to local governments from the states and reduced funding in federal programs that benefit counties. Although a comprehensive rewrite of the federal tax code seems unlikely in 2016, legislative text is already being drafted.

Eliminating the tax-exempt status of municipal bonds was first entertained by President Obama's National Commission on Fiscal Responsibility and Reform (Simpson-Bowles Plan). A derivative of that proposal, a 28 percent cap on the benefit of the exemption, was included in the president's last five budget requests to Congress.

Similar proposals have continued to surface in the ongoing debate on tax reform in the Senate Finance Committee and House Ways and Means Committee. In 2014, former Ways and Means Chairman Dave Camp (R-Mich.) included a provision in his comprehensive reform discussion draft that would have placed a surtax on otherwise tax-exempt bond interest earned by high income taxpayers. All of these recommendations would have the effect of imposing an income tax on otherwise tax-exempt interest earned by investors.

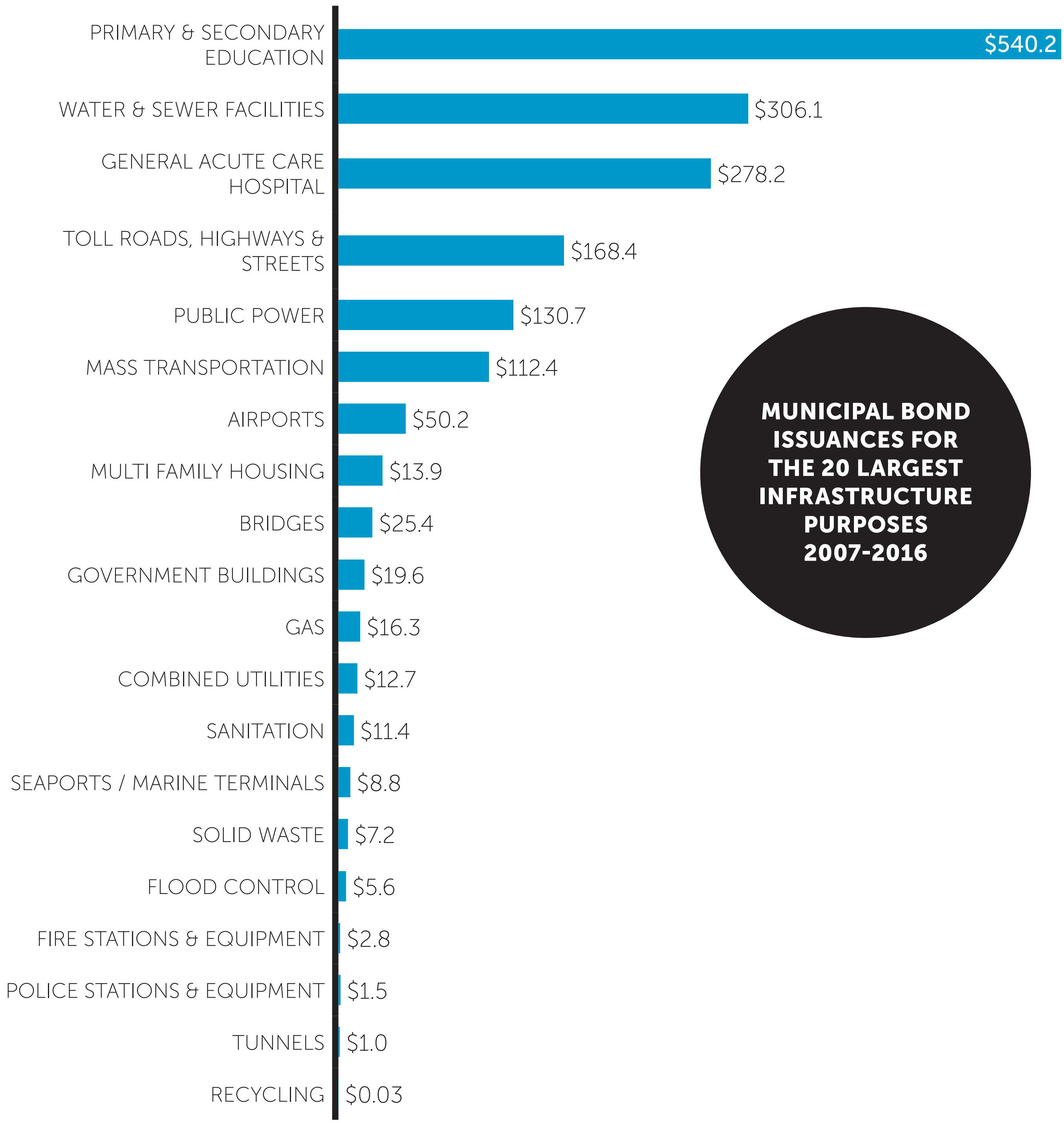
COUNTIES, AS WELL AS STATES, OTHER LOCAL GOVERNMENTS AND LOCAL/STATE AUTHORITIES, WOULD BE DEEPLY AFFECTED BY A CHANGE TO THE TAX-EXEMPT STATUS OF MUNICIPAL BOND INTEREST.

FISCAL IMPACT OF PROPOSED CHANGES COMPARED TO CURRENT LAW

	current law	with 28 percent cap		with full repeal	
	ESTIMATED INTEREST COST WITH TAX EXEMPTION AS IS	ESTIMATED TOTAL INTEREST COST	COST INCREASE	ESTIMATED TOTAL INTEREST COST	COST INCREASE
2007	125,257.85	139,491.70	14,233.85	167,959.39	42,701.54
2008	143,299.51	158,511.78	15,212.27	188,936.30	45,636.79
2009	114,838.43	127,186.65	12,348.22	151,883.09	37,044.66
2010	90,979.12	101,484.79	10,505.67	122,496.13	31,517.01
2011	84,854.96	94,304.29	9,449.33	113,202.95	28,347.99
2012	99,817.38	113,233.70	13,416.32	140,066.33	40,248.95
2013	100,023.03	111,298.74	11,275.71	133,850.15	33,827.12
2014	104,629.25	116,767.21	12,137.96	141,043.14	36,413.89
2015	108,376.97	123,142.23	14,765.26	152,672.74	44,295.77
2016	107,705.37	124,224.60	16,519.23	157,263.05	49,557.68
TOTAL			**129,863.82**		**389,591.40**

Source: SIFMA estimates based on Thomson-Reuters data using the report's assumptions

MUNICIPAL BONDS HELP BUILD CRITICAL INFRASTRUCTURE (IN BILLIONS)



NOTES: These are long-term, governmental tax-exempt municipal bonds for the 20 largest infrastructure purposes, excluding refundings.

Source: Thompson Reuters, June 2017

ROLE OF MUNICIPAL BONDS

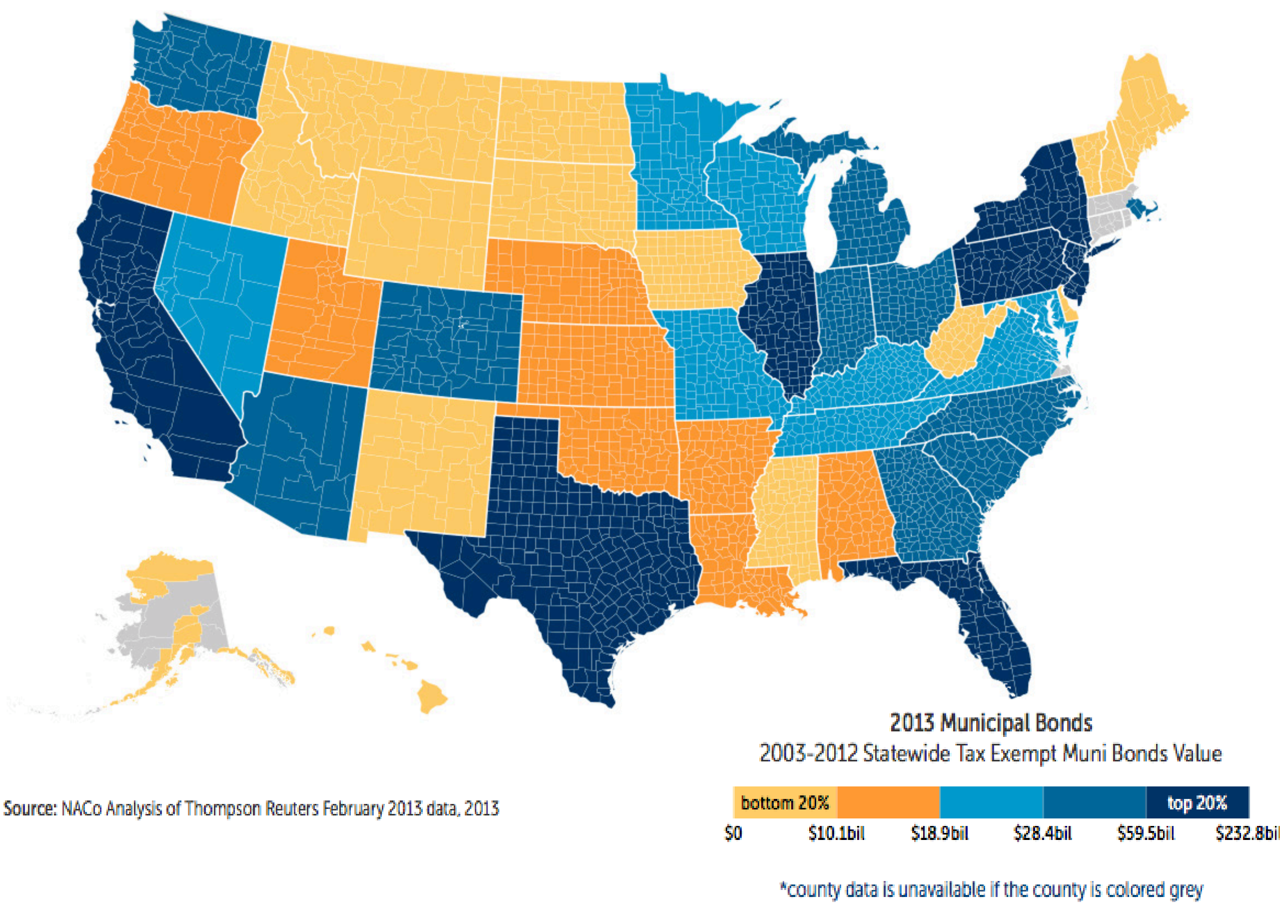
Municipal bonds play a critical role in local infrastructure, jobs and everyday life. **They are the single most important tool that local governments use for financing critical infrastructure.**

Any change to the taxation status of often voter-approved debt issued by local governments risks:

1. Nature of the U.S. federal-state-local partnership
2. Slowing economic recovery and investments in vital infrastructure
3. Shifting tax burden to local level, especially property tax owners
4. Forcing more cuts in local gov't jobs (i.e. teachers, police, firefighters)

CURRENT MARKET = OVER 1.5 MILLION MUNICIPAL BONDS OUTSTANDING, TOTALING OVER $3.7 TRILLION

MUNICIPAL BONDS ACROSS *the* U.S.



Source: NACo Analysis of Thompson Reuters February 2013 data, 2013

In 2012 alone, the debt service burden for counties would have risen by $9 billion if municipal bonds were taxable over the last 15 years and by about $3.2 billion in the case of a 28 percent cap. Large counties (with more than 500,000 residents) would have borne more than half of the cost, and small counties would have been most at risk to lose access to the municipal bond market.

Although tax reform efforts stalled in the 113th Congress, the work resumed in the 114th. Since taking the gavel in November 2015, House Ways and Means Chair Kevin Brady (R-Texas) held several committee hearings in early 2016 where representatives provided comments and proposals for tax reform. Much of the feedback received was used to shape the tax reform blueprint released in June 2016 by House Speaker Paul Ryan (R-Wis.) as part of the GOP election-year campaign, "A Better Way." Much of the blueprint is focused on lowering rates and making the tax code simpler, but did not provide specific details on how that would be achieved. It is currently unclear how the tax-exemption for municipal bond interest will be treated under the reform plan.

At this point, counties still face the risk of losing a low-cost, market-driven means of financing to support local needs because removing the tax-exemption for municipal bond interest is still on the table as one of means to achieve lower overall tax rates. Without the tax-exemption, counties would pay more to raise capital, a cost that would ultimately be felt by taxpayers as it would result in reduced spending on county roads, bridges and other essential infrastructure, slower economic development and higher taxes and fees.

i **For additional support on your advocacy efforts, please contact Jack Peterson, NACo Associate Legislative Director for Finance, Pensions and Intergovernmental Affairs at jpeterson@naco.org or 202.661.8805.**

U.S. HOUSE WAYS AND MEANS COMMITTEE		U.S. SENATE FINANCE COMMITTEE	
Majority:	**Minority:**	**Majority:**	**Minority:**
Kevin Brady (R-Texas) – Chairman	Richard E. Neal (D-Mass.) Ranking Member	Orrin Hatch (R-Utah.) – Chairman	Ron Wyden (D-Ore.) – Ranking Member
Sam Johnson (R-Texas)	Sander Levin (D-Mich.)	Chuck Grassley (R-Iowa)	Debbie Stabenow (D-Mich.)
Devin Nunes (R-Calif.)	John Lewis (D-Ga.)	Mike Crapo (R-Idaho)	Maria Cantwell (D-Wash.)
Pat Tiberi (R-Ohio)	Lloyd Doggett (D-Texas)	Pat Roberts (R-Kan.)	Bill Nelson (D-Fla.)
Dave G. Reichert (R-Wash.)	Mike Thompson (D-Calif)	Michael B. Enzi (R-Wyo.)	Robert Menendez (D-N.J.)
Peter J. Roskam (R-Ill.)	John Larson (D-Conn.)	John Cornyn (R-Texas)	Thomas R. Carper (D-Del.)
Vern Buchanan (R-Fla.)	Earl Blumenauer (D-Ore.)	John Thune (R-S.D.)	Benjamin L. Cardin (D-Md.)
Adrian Smith (R-Neb.)	Ron Kind (Wiss.)	Richard Burr (R-N.C.)	Sherrod Brown (D-Ohio)
Lynn Jenkins (R-Kan.)	Bill Pascrell (D-N.J.)	Johnny Isakson (R-Ga.)	Michael F. Bennet (D-Col.)
Erik Paulsen (R-Minn.)	Joseph Crowley (D-N.Y.)	Rob Portman (R-Ohio)	Robert P. Casey, Jr. (D-Pa.)
Kenny Marchant (R-Texas)	Danny Davis (D-Ill.)	Patrick J. Toomey (R-Pa.)	Mark R. Warner (D- Va.)
Diane Black (R-Tenn.)	Linda Sanchez (D-Calif.)	Dean Heller (R-Nev.)	Claire McCaskill (D-Mo.)
Tom Reed (R-N.Y.)	Brian Higgins (D-N.Y.)	Tim Scott (R-S.C.)	
Mike Kelly (R-Pa.)	Terri Sewell (D-Al.)	Bill Cassidy (R-La.)	
Jim Renacci (R-Ohio)	Suzan DelBene (D-Wash.)		
Patrick Meehan (R-Pa.)	Judy Chu (D-Calif.)		
Kristi Noem (R-S.D.)			
George Holding (R-N.C.)			
Jason Smith (R-Mo.)			
Tom Rice (R-S.C.)			
David Schweikert (R-Ariz.)			
Jackie Walorski (R-Ind.)			
Carlos Curbelo (R-Fla.)			
Mike Bishop (R-Mich.)			

AS PART OF THE FIRST FEDERAL TAX CODE IN 1913, TAX-EXEMPT BONDS ARE A WELL-ESTABLISHED FINANCING TOOL PREDOMINATELY ISSUED BY STATE AND LOCAL GOVERNMENTS FOR INFRASTRUCTURE AND CAPITAL NEEDS.

TALKING POINTS

MUNICIPAL BONDS FINANCE A WIDE RANGE OF LOCALLY SELECTED INFRASTRUCTURE PROJECTS AND HAVE A LONG HISTORY OF LOW DEFAULT RATES.

- From 2007-2016, counties, localities, states and state/local authorities financed $3.1 trillion in infrastructure investment using municipal bonds.
- 45 percent of long-term municipal bonds issued nationwide funded the building of schools, hospitals, roads and jails.
- Tax-exempt municipal bonds have been a feature of the federal tax code since 1913.
- In counties, the legislature of the county government has to approve a bond issuance and often voters also approve the bond financing.
- Municipal bonds maintain a track record of low default rates, better than comparable corporate bonds.
- [Include local information and statistics describing projects your county financed with municipal bonds.]

COUNTIES PLAY A MAJOR ROLE IN ESSENTIAL COMMUNITY INFRASTRUCTURE LIKE ROADS, BRIDGES, SCHOOLS, HOSPITALS, JAILS AND WATER PURIFICATION AND SEWAGE SYSTEMS.

- Tax-exempt bonds are vital for infrastructure because counties own and operate 45 percent of public roads and highways, own almost a third of the nation's transit systems and airports, support nearly 1,000 hospitals, manage 1,943 health departments and operate 91 percent of all local jails.
- The federal tax-exemption for municipal bond interest represents a fair allocation of the cost of projects between federal and state/local levels of government. Through the use of municipal bonds, state and local governments invested 2.5 times more in infrastructure than the federal government.
- [Give specific examples of the essential infrastructure your county provides that would not be possible without a low-cost financing mechanism like municipal bonds.]

ANY TAX IMPOSED ON CURRENTLY TAX-EXEMPT MUNICIPAL BOND INTEREST WILL AFFECT ALL AMERICANS, AS INVESTORS IN MUNICIPAL BONDS AND AS TAXPAYERS SECURING THE PAYMENT OF MUNICIPAL BONDS.

- American households hold almost three-quarters of the municipal bond market, for retirement plan diversification and as a way to invest in their communities.
- A cap or repeal of the tax-exempt status of municipal bond interest would deeply affect Americans' retirement nests and asset formation.
- Changes to the tax exemption would result in higher borrowing costs that would impact counties and other state and local governments' budgets and directly affect taxpayers.

GET SOCIAL!

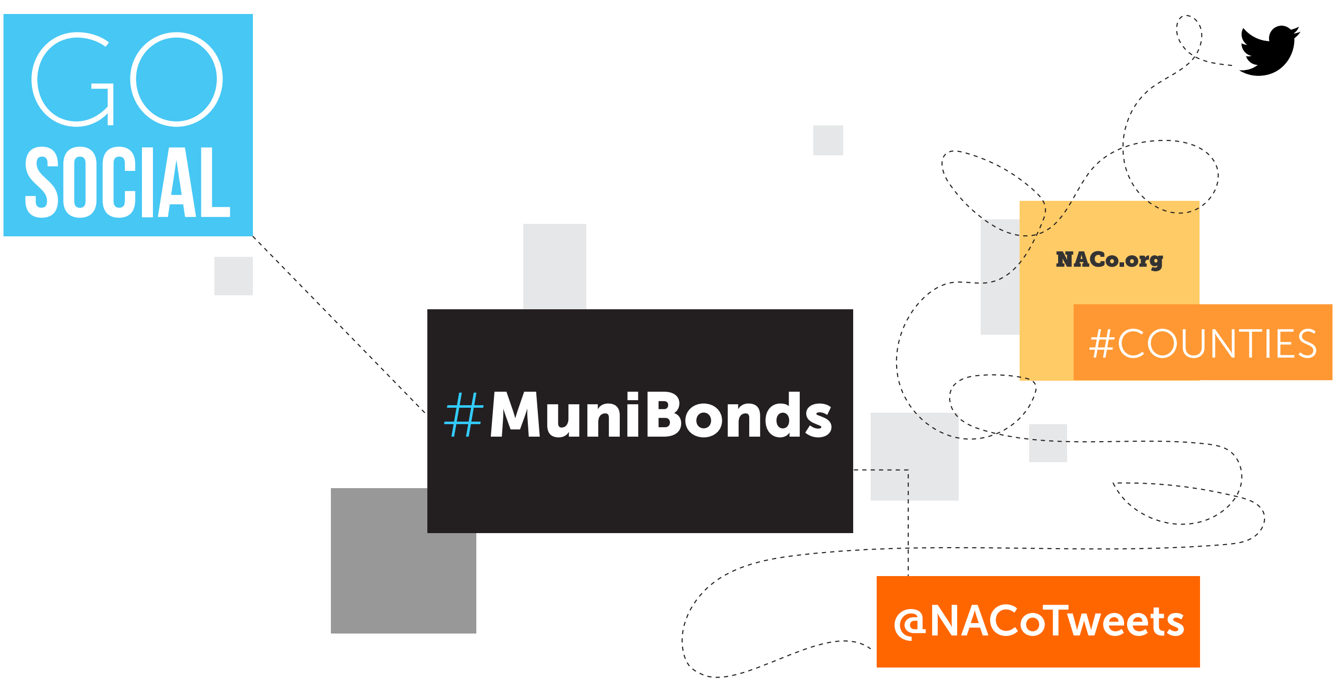
Tell Congress why the tax exemption for municipal bond interest should be preserved. Take pictures and share stories of your county's vital infrastructure. Most senators and representatives are on Twitter and monitor their Twitter feeds regularly. The easiest way to find your members of Congress is to utilize the search function on Twitter or by visiting your members' website. In addition to reaching out to your members of Congress on Twitter, consider targeting House and Senate leadership.

SAMPLE TWEETS:

- #MuniBonds have helped finance state and local investment in America's infra-structure for over a century
- #MuniBonds are an effective, low cost financing method for #counties to invest in critical infrastructure
- Urge Congress to preserve tax-exemp-tion for #MuniBonds to support feder-al-state-local partnership for our nation's infrastructure
- Changing federal tax-exemption of #MuniBonds means higher costs for state and local governments to develop infra-structure – taxpayers ultimately feel the impact
- #MuniBonds, saving taxpayers money on infrastructure since 1913
- Tax exemption makes #MuniBonds a bet-ter tool for #counties infrastructure

For additional support on your advocacy efforts, ple0ase contact Jack Peterson, NACo Associate Legislative Director for Finance, Pensions and Intergovernmental Affairs at jpeterson@naco.org or 202.661.8805.

For additional support on your media relation efforts, please contact David Jackson, NACo communications director at djackson@naco.org or 202.942.4271.



ENGAGE *the* MEDIA!

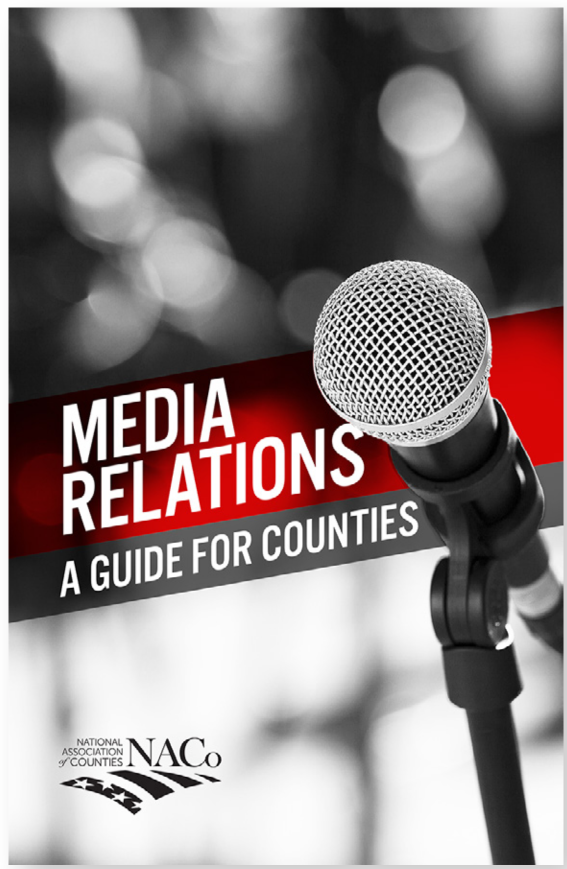
Work with local media outlets to draw attention to the importance of municipal bonds for counties. Inform your community about Congressional tours and other events through press releases and advisories. NACo's [Media Relations Guide] is available to assist county officials with local media outreach.

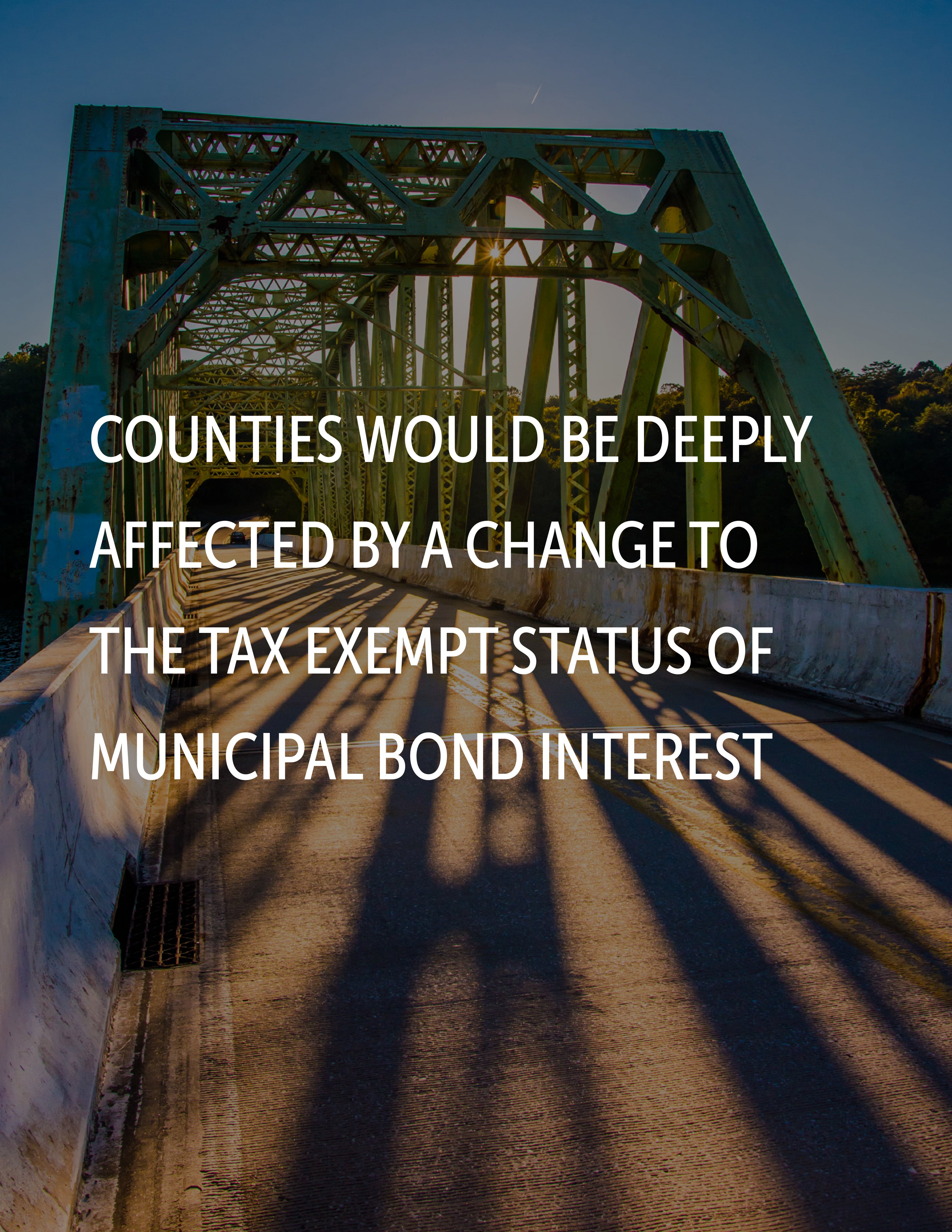
Write and submit op-ed columns or guest commentaries to local newspapers outlining the importance of municipal bonds to your county and urging Congress to preserve the tax exempt status of municipal bonds. Below are issue-specific message points to consider and general guidance on writing op-ed pieces. Remember, your ability to craft and tailor the message to fit your community is very important to placing an op-ed. County-specific examples and other local information will significantly enhance the points below.

OP-ED GUIDANCE

An opinion column written in your own words for publication in your local newspaper can be a very effective communications tool. Less rigid than a news release, an opinion column – also known as an "op-ed" because it is often placed opposite of the editorial page in a newspaper – can frame issues and messages precisely the way you want. Here are some points on writing a compelling op-ed.

- An effective op-ed will make a clear and effective argument supported by facts and examples. It will be informative, focused, persuasive and interesting.
- Columns should clearly communicate why the issue is important and specifically how it affects readers.
- Op-eds are commonly written in a conversational style less formal than a news release or fact sheet.
- Connecting your position to a specific or timely issue of local importance will make it more likely that a newspaper will publish your piece.
- Typically, op-eds are 500-750 words. Newspapers often publish specific requirements and instructions for submission on their websites.
- In many cases, a newspaper will only publish your piece if it does not or will not appear in another newspaper.





COUNTIES WOULD BE DEEPLY AFFECTED BY A CHANGE TO THE TAX EXEMPT STATUS OF MUNICIPAL BOND INTEREST

OP-ED FORMAT *and* MESSAGE POINTS

The opening sentence or paragraph should grab readers' attention and spark their interest to read more. Consider starting the column with a local reference or recent news item.

EXAMPLE:

- On most days, many county residents follow a routine similar to this – wake up to an alarm clock in the morning, brush their teeth, fix breakfast, drop the kids off at school, and head to work. What they may not always appreciate is that the electricity powering the alarm clock, the water used to wet their toothbrush, the natural gas heating their stove top, the school building their kids enter and even the roads that get them to work all generally have one thing in common – municipal bonds helped make their provision possible.

For additional support on your media relation efforts, please contact David Jackson, NACo communications director at djackson@naco.org or 202.942.4271.

SAMPLE OP-ED

[TITLE]

Since the enactment of the federal income tax code in 1913, the interest paid on municipal bonds has been exempt from federal tax. Exempting the interest paid on municipal bonds means that state and local governments do not have to pay the higher interest rates that would be demanded if the bonds were issued as taxable securities. Not having the exemption would either cause a significant decrease in infrastructure spending by state and local governments or cost taxpayers and rate payers billions of dollars in higher interest costs each year.

Unfortunately, the tax-exemption is potentially on the chopping block as federal lawmakers work to craft comprehensive tax reform legislation.

All too often, federal lawmakers overlook the fact that the tax-exemption represents a fair allocation of the cost of infrastructure projects between federal and state/local levels of governments. Through the use of municipal bonds, state and local governments invest 2.5 times more in infrastructure than the federal government.

Counties, states, or the federal government cannot provide for all the nation's infrastructure needs individually. Instead, a partnership between all levels of government is necessary.

Municipal bonds are not only a tried-and-true vehicle that allows communities to meet the needs of their citizens, they are a practical tool as they are often issued for 20 or 30 years to match the life of the project being financed. Given their substantial history and use in this country, it is baffling to think that federal policymakers want to make this tool less useful.

With no increase in federal funding in the near future, ensuring state and local governments have a low-cost financing tool available is more important than ever. Our infrastructure needs are summed up in the American Society of Civil Engineers' report card that grades our country's infrastructure at a D+ and estimates that $3.6 trillion worth of investment is needed by 2020.

Tax-exempt bonds are vital for infrastructure because counties own and operate 45 percent of public roads and highways, own almost a third of the nation's transit systems and airports, support nearly 1,000 hospitals, manage 1,943 health departments and operate 91 percent of all local jails.

[INSERT COUNTY-SPECIFIC INFO – FOR EXAMPLE: My home county, [COUNTY], issued XX in municipal bonds to begin/complete the [name] project. This project addressed a critical regional/state/local need and created XX jobs]

Repealing, replacing or limiting the tax-exemption on municipal bond interest would cause state and local governments – and taxpayers – to pay more for their infrastructure needs. This would result in higher taxes and fees, which translates into less infrastructure investment, fewer jobs and higher costs to states and localities that are already under fiscal constraint.

As a long-standing priority, our county and the National Association of Counties is urging members of Congress to strengthen, not weaken tax-exempt bonds because of the essential role they play in financing our nation's infrastructure.

GUIDANCE ON LETTERS TO THE EDITOR

If your local paper publishes an opinion column or news article on infrastructure matters, taxes or federal tax reform, or the federal budget, provide the county perspective by writing a letter to the editor responding to the piece — or one of its points. Letters to the editor are a good way to spread the message in roughly 150-200 words, depending on the paper.

SAMPLE LETTER *to the* EDITOR

Dear Editor:

[Insert local news hook for municipal bonds – For example: The recent article about our community's infrastructure needs reminds us how important it is to maintain vital financing tools, like municipal bonds, for local government.]

It is no secret that the state of our nation's infrastructure is in dire need of investment. In this new era of tighter budgets and increased fiscal constraint, local governments are continuously faced with tough choices among many competing priorities. That's why we're fortunate to still have tax-exempt municipal bonds.

For over a century, municipal bonds have provided a low-cost, tried-and-true financing method for state and local governments nationwide.

Unfortunately, as federal legislators and administration officials continue to seek a path forward to address the federal deficit and reform the federal tax code, municipal bonds still face the potential of losing their tax-exempt status. Any change or elimination of the tax-exemption would result in significantly higher costs to finance the needed investment in our ailing infrastructure.

Here in ***[Name]*** County, we have issued over ***XX*** in municipal bonds to help finance projects like ***[Project name/description].***

Our county and the National Association of Counties are urging lawmakers in Washington, D.C. to support state and local government efforts to address infrastructure needs by preserving the tax-exemption for municipal bonds.

Sincerely,

[Name of Local Elected Official]

[County, State]

i For additional support on your media relations efforts, please contact David Jackson, NACo communications director at djackson@naco.org or 202.942.4271.

INFORM CONGRESS

GIVE A TOUR!

While members of Congress are in their states and districts during congressional recesses, county officials should invite their federal lawmakers and their staff to tour and see firsthand the projects and facilities that would not be possible without municipal bonds. These tours give legislators and their staff an opportunity to see the impact of municipal bonds in a tangible form. These events are also good opportunities to earn media coverage around your advocacy. County officials should reach out to local media to make the most of these events.

WRITE A LETTER!

Send a letter written on county letterhead, either through the U.S. Postal Service or via email, which explains why it's critical to your county that Congress preserve the tax exemption for municipal bond interest. View a draft letter to Congress here. Information on office locations and contact numbers can be found on members' websites. Links to U.S. House of Representatives websites can be found here and links to U.S. Senate websites can be found here.

SAMPLE LETTER *to* CONGRESS

[Date]

The Honorable ***[First Name] [Last Name]***

United States [Senate/House of Representatives]

[Address Line 1]

[Address Line 2]

Dear ***[Senator/Congressman Last Name]***,

On behalf of the ***[Number]*** residents of ***[Name]*** County, I respectfully request your support for maintaining the federal tax exemption on municipal bond interest as Congress prepares to move forward with efforts to reduce the federal budget deficit and advance comprehensive tax reform legislation. Tax-exempt municipal bonds have been the cornerstone of state and local infrastructure investment for over 100 years, and is responsible for financing a majority of the nation's infrastructure.

In ***[Name]*** County, municipal bonds have contributed to the advancement and completion of a great number of critical infrastructure projects, including ***[Total cost of project, Name of project]. [Include several projects if possible. Also, if available, provide the number of jobs created by each project and the state/regional/local need for the projects. For example, the project could address a critical need like providing clean water, improving public health or reducing congestion.]***

The tax-exemption of municipal bond interest from federal income tax represents one of the best examples of the federal-state-local partnership. Because of the exemption, investors are willing to buy municipal bonds that pay less interest relative to other securities. Capping or eliminating the exemption will cause investors to seek higher interest rates, which results in increased costs to finance projects for state and local governments. And the increased costs will ultimately be felt by all of our constituents – the taxpayers.

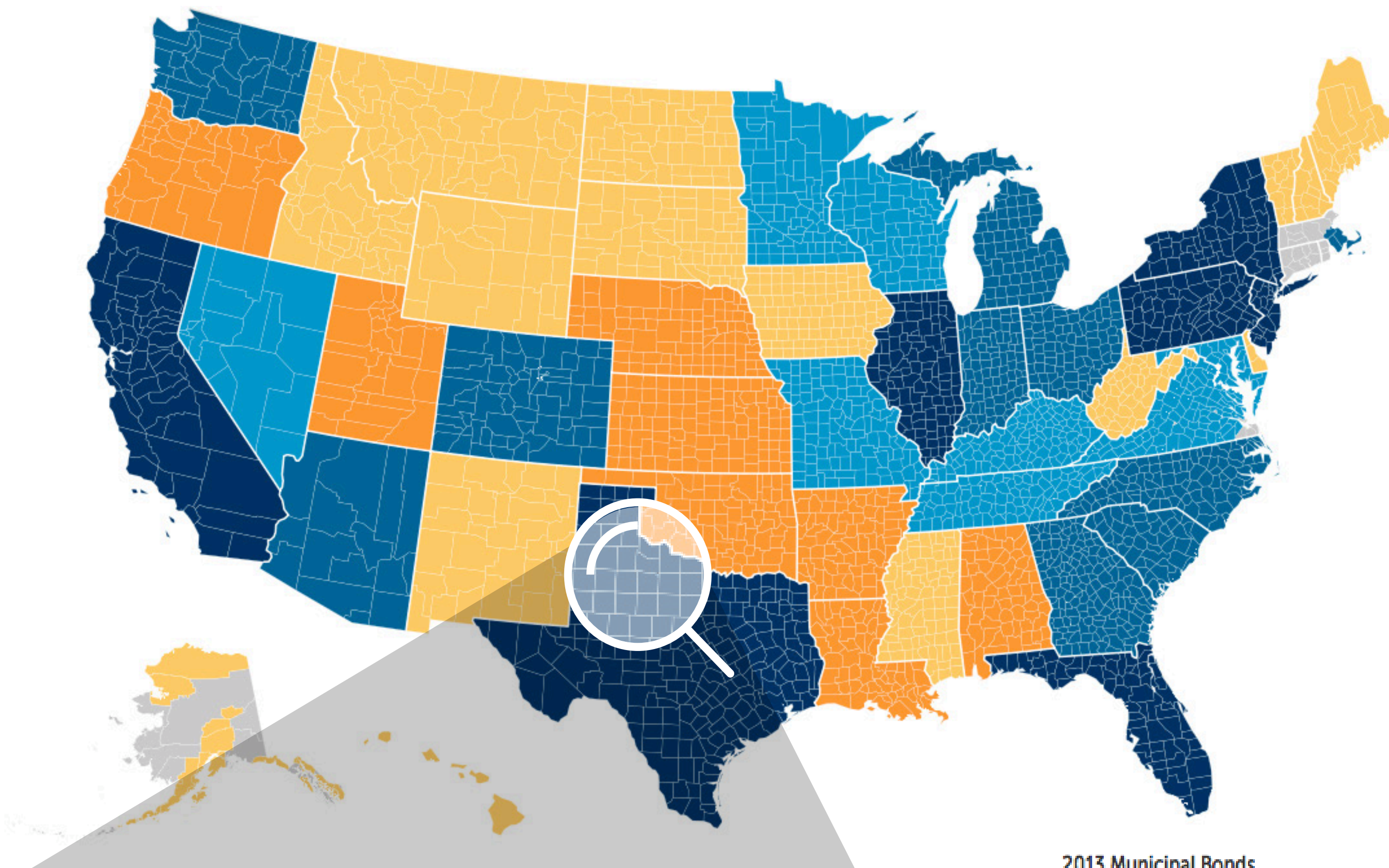
Thank you for your continued service to the people of ***[Name]*** County and we stand ready to work with you to preserve such a critical financing tool that has helped to build our nation's infrastructure for over a century.

Sincerely,

[Name of Local Elected Official]

[County, State]

VISIT NACo's COUNTY EXPLORER TO DOWNLOAD YOUR SPECIFIC STATE PROFILE



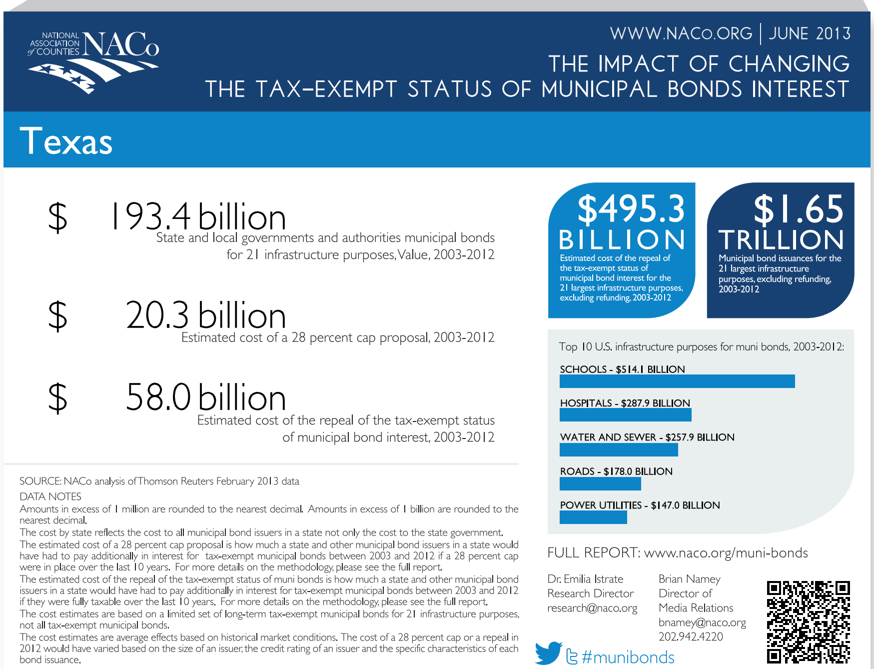
2013 Municipal Bonds

2003-2012 Statewide Tax Exempt Muni Bonds Value

bottom 20%				top 20%
$0 – $10.1bil	$10.1bil – $18.9bil	$18.9bil – $28.4bil	$28.4bil – $59.5bil	$59.5bil – $232.8bil

*county data is unavailable if the county is colored grey

Source: NACo Analysis of Thompson Reuters February 2013 data, 2013



NATIONAL ASSOCIATION of COUNTIES

WWW.NACo.ORG | JUNE 2013

THE IMPACT OF CHANGING THE TAX-EXEMPT STATUS OF MUNICIPAL BONDS INTEREST

Texas

$ 193.4 billion
State and local governments and authorities municipal bonds for 21 infrastructure purposes, Value, 2003-2012

$ 20.3 billion
Estimated cost of a 28 percent cap proposal, 2003-2012

$ 58.0 billion
Estimated cost of the repeal of the tax-exempt status of municipal bond interest, 2003-2012

$495.3 BILLION
Estimated cost of the repeal of the tax-exempt status of municipal bond interest for the 21 largest infrastructure purposes, excluding refunding, 2003-2012

$1.65 TRILLION
Municipal bond issuances for the 21 largest infrastructure purposes, excluding refunding, 2003-2012

Top 10 U.S. infrastructure purposes for muni bonds, 2003-2012:

SCHOOLS - $514.1 BILLION

HOSPITALS - $287.9 BILLION

WATER AND SEWER - $257.9 BILLION

ROADS - $178.0 BILLION

POWER UTILITIES - $147.0 BILLION

SOURCE: NACo analysis of Thomson Reuters February 2013 data

DATA NOTES

Amounts in excess of 1 million are rounded to the nearest decimal. Amounts in excess of 1 billion are rounded to the nearest decimal.

The cost by state reflects the cost to all municipal bond issuers in a state not only the cost to the state government.

The estimated cost of a 28 percent cap proposal is how much a state and other municipal bond issuers in a state would have had to pay additionally in interest for tax-exempt municipal bonds between 2003 and 2012 if a 28 percent cap were in place over the last 10 years. For more details on the methodology, please see the full report.

The estimated cost of the repeal of the tax-exempt status of muni bonds is how much a state and other municipal bond issuers in a state would have had to pay additionally in interest for tax-exempt municipal bonds between 2003 and 2012 if they were fully taxable over the last 10 years. For more details on the methodology, please see the full report.

The cost estimates are based on a limited set of long-term tax-exempt municipal bonds for 21 infrastructure purposes, not all tax-exempt municipal bonds.

The cost estimates are average effects based on historical market conditions. The cost of a 28 percent cap or a repeal in 2012 would have varied based on the size of an issuer, the credit rating of an issuer and the specific characteristics of each bond issuance.

FULL REPORT: www.naco.org/muni-bonds

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#munibonds

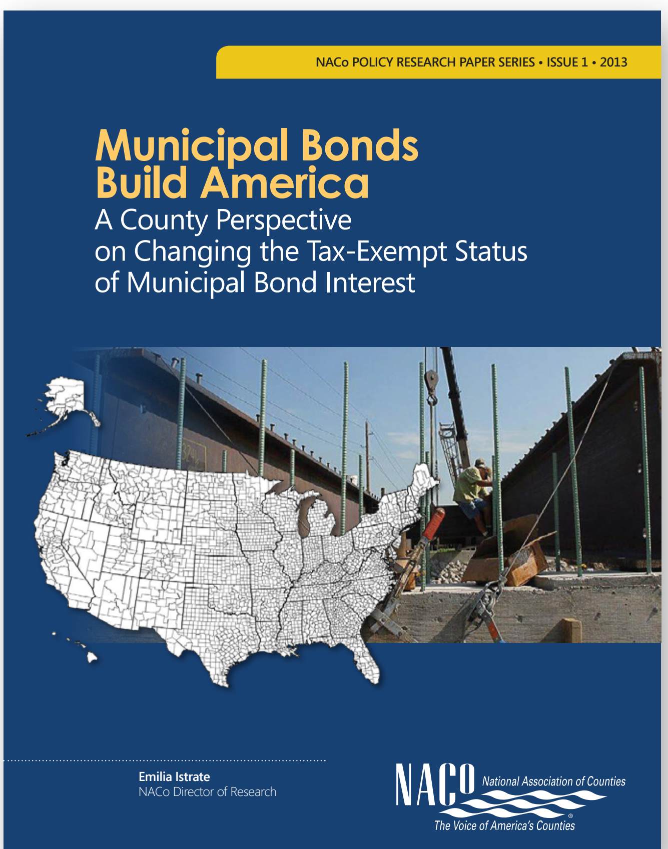
NACo RESOURCES

TELL NACo!

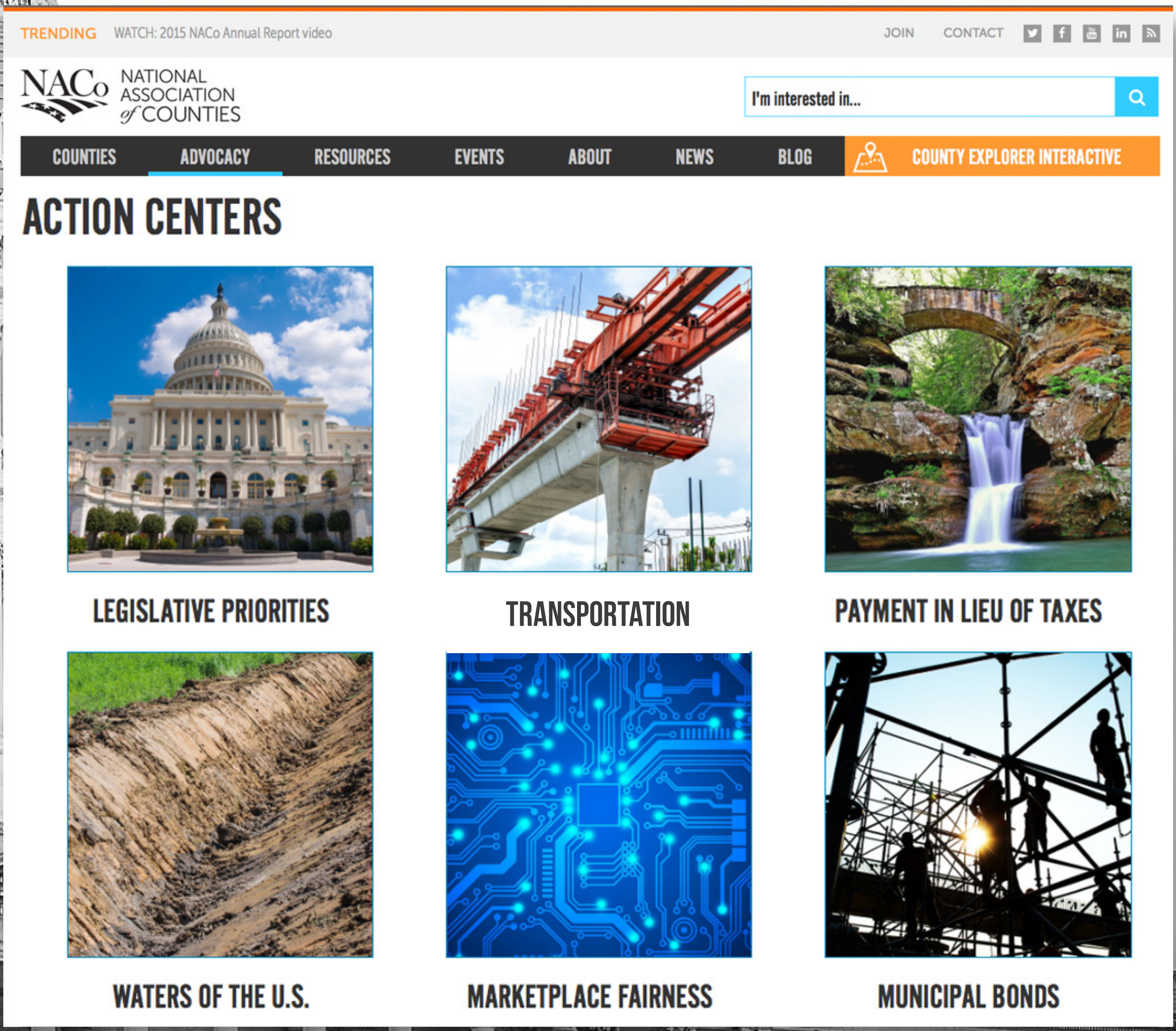
Please be sure to let NACo know about your advocacy efforts. Send copies of your letters to Congress, pictures from events and media coverage to Jack Peterson, NACo's associate legislative director for finance, pensions and intergovernmental affairs, at jpeterson@naco.org or at 202.661.8805.

NACo has additional resources available on its website to assist you in your advocacy efforts.

- Visit NACo's online Municipal Bonds Action Hub at www.naco.org/advocacy/action-centers/municipal-bonds to read NACo's policy and to view legislative fact sheets on municipal bonds.
- View state profiles on the impact of changing the tax-exempt status of municipal bond interest on our County Explorer tool at explorer.naco.org/.



CHECK OUT NACo's ADVOCACY CENTERS



NATIONAL ASSOCIATION of COUNTIES NACo

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