RESOLUTION SUPPORTING TAX EXEMPTION FOR MUNICIPAL BOND INTEREST

WHEREAS, interest earned on municipal bonds is subject to federal tax exemption; and

WHEREAS, states and local government provides three-quarters of the total investment in infrastructure in the United States, primarily financed with municipal bonds; and

WHEREAS, municipal bonds have financed more than $1.65 trillion in infrastructure investments since 2003; and

WHEREAS, a 2013 joint report compiled by local government associations estimates that if municipal bond interest had not been tax-exempt over the last 10 years, the additional interest expense for state and local governments would have been $495 billion; and

WHEREAS, a repeal of the tax-exemption on municipal bonds would disproportionately harm smaller governments, as they issue large bonds less frequently, causing them to face higher interest rates; and

WHEREAS, while states continue to recover from the Great Recession, a repeal of the tax-exemption on municipal bonds would prolong financial recovery and damage states’ ability to fund critical infrastructure needs.

NOW, THEREFORE BE IT RESOLVED, that The Council of State Governments opposes any federal legislation or executive action that would eliminate the federal tax-exemption on municipal bonds.

Adopted this 22nd Day of September, 2013 at CSG’s 2013 National Conference in Kansas City, Missouri.