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  

March 8, 2017  

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
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
Member of Congress

Dennis Ross
Member of Congress

Suzanne Bonamici
Member of Congress

Jim Banks
Member of Congress

Claudia Tenney
Member of Congress

Brian Fitzpatrick
Member of Congress
Daniel Lipinski
Member of Congress

William R. Keating
Member of Congress

Alcee L. Hastings
Member of Congress

Nita M. Lowey
Member of Congress

Rick Nolan
Member of Congress

Jan Schakowsky
Member of Congress

Adam Schiff
Member of Congress

Mo Brooks
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Luis V. Gutierrez
Member of Congress

Lamar Smith
Member of Congress

Steve Womack
Member of Congress

Lois Frankel
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Austin Scott
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Wm. Lacy Clay
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Mike Simpson  
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Gus Bilirakis  
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Rick Larsen  
Member of Congress

Eleanor Holmes Norton  
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Bill Posey  
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John Culberson  
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Marcy Kaptur  
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Brad Sherman  
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Brian Mast  
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Terri Sewell  
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Collin C. Peterson  
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Steve King  
Member of Congress
Maxine Waters
Member of Congress

Ben Ray Luján
Member of Congress

Pete Sessions
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Gerald E. Connolly
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Tom Marino
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David N. Cicilline
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Gwen Moore
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Keith Ellison
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Peter Welch
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Lloyd Doggett
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Doris Matsui
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Tim Walz
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Sean Duffy
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Bradley Schneider  
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Joe Wilson  
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Anthony Brown  
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Mark Takano  
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Kathleen Rice  
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Tony Cardenas  
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Don Bacon  
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Lee Zeldin  
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Dave Loebsack  
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Juan Vargas  
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Grace F. Napolitano  
Member of Congress
Francis Rooney  
Member of Congress

Barbara Lee  
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