



**Statement from Municipal Bonds for America (MBFA)
Regarding the Outcome of the Fiscal Cliff Negotiations**

Washington, D.C. (January 1, 2013) Municipal Bonds for America (MBFA), a coalition of municipal officials, issuers, broker /dealers, and other bond market participants, issued the following statement regarding the outcome of the fiscal cliff negotiations recently concluded between President Obama and Congress:

“We are pleased that President Obama and Congress have recognized the important role municipal bonds play in financing our nation’s infrastructure, schools, housing, hospitals, power facilities, and other vital resources and have chosen to preserve the federal tax exemption for municipal bonds in the agreement to avoid the fiscal cliff,” commented Marc Jahr, Co-Chair of the Coalition and President of the New York City Housing Development Corporation.

MBFA notes that for over 100 years, tax-exempt bonds have served as one of the most cost-effective financing tools for municipal governments and financing authorities and have proven to be a stable investment choice for millions of investors, including middle-income taxpayers and retirees. “Any change in the rules for municipal bonds would significantly increase the cost of financing infrastructure. This increase would be borne by state and local governments and, ultimately, by taxpayers and rate-payers in the form of higher fees and taxes,” stated Marc Gerken, Co-Chair of the Coalition and President of American Municipal Power. “MBFA applauds President Obama and Congress for standing by a century of well-established public policy by preserving the vibrancy of the municipal market.”

Although the municipal market avoided downsizing as a part of the fiscal cliff negotiations, MBFA acknowledges that public policy debates on municipal bonds could resurface in the context of federal tax reform. “We view this as Round 1 and are well aware that a full debate on tax reform could revisit public policy arguments on municipal bonds. However, the focus should not be on revenue but on the shared responsibility of federal, state, and local governments to insure that vital public infrastructure continues to be financed by the most cost-effective means possible. Municipal bonds are the tool that makes that happen,” Jahr concluded.

MBFA is a rapidly expanding coalition of organizations and individuals interested in the preservation of tax-exempt bonds. The coalition is educating the Administration and Congress on the municipal market and advocating for sensible rules for municipal bonds. To learn more or to become involved in MBFA activities, please visit the coalition’s website at www.munibondsforamerica.org.

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