



Municipal Bonds for America Coalition Reaction to President's Budget

WASHINGTON – April 10, 2013 -- The Municipal Bonds for America Coalition (MBFA) is disappointed in the proposal in the Administration's FY 2014 budget plan to limit the value of interest earned on municipal bonds to 28 percent. Limiting the value of the tax exemption of municipal bonds will increase borrowing costs for State and local governments, leading to higher local taxes and limited public investment in vital projects financed by municipal bonds, such as our nation's infrastructure.

"These proposals, coming from both ends of Pennsylvania Avenue, are totally out of sync with what I hear from my constituents about our critical infrastructure needs," said Mayor Stephen Benjamin of Columbia, South Carolina. "Municipal bonds are the principal mechanism for state and local governments to finance the construction and repair of America's infrastructure. Roads, bridges, schools, hospitals, affordable housing, power facilities, and other infrastructure are key elements in the critical web that supports the national economy, businesses, and generates millions of jobs. This web depends on the stable, cost-effective financing tax-exempt municipal bonds provide."

MBFA representatives further highlighted the proposal's potential impact on the cost of infrastructure construction and improvements. Marc Jahr, MBFA Chairman and President of the New York City Housing Development Corporation, commented "The practical impact of limiting the value of the exemption will force state and local governments to pay higher interest rates on municipal bonds they issue to attract investors—and this higher rate will increase the cost of projects financed by municipal bonds as much as 20 percent or prevent vital projects from moving forward."

MBFA continues to meet with lawmakers and the Administration to press their opposition to the proposal and to urge retention of the tax-exempt status for municipal bonds. To find out more information on threats to municipal bonds, the municipal market, and for ways to become active in the MBFA, please visit the coalition's website at www.munibondsforamerica.org.

#30#

For More Information:

Scott Matter, McGrath Matter Associates

smatter@mcgrathmatter.com

212.354.5588