



# Municipal Bonds for America

July 23, 2013

The Honorable Max Baucus, Chairman  
Committee on Finance  
United State Senate  
Washington, DC 20510

The Honorable Orrin Hatch, Ranking Member  
Committee on Finance  
United States Senate  
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Hatch,

Municipal bonds are the cornerstone of financing our nation's most critical infrastructure and investments -- the roads, bridges, airports, affordable housing, public utilities, access to universities, healthcare facilities, and much more that Americans depend upon every day. State and local governments financed more than \$1.65 trillion of infrastructure investment over the last decade through the tax-exempt bond market.

As you consider your options in tax reform, we are writing to remind you that Congress officially recognized the importance of the federal/state partnership on October 3, 1913. On that date, Congress codified the federal tax exemption for municipal bonds as part of the enactment of the original federal tax code. This original tax code was just 27 pages in length, and contained only twelve personal deductions and exclusions considered essential to the function of the nation, including the exemption of interest on municipal bonds. The Municipal Bonds for America coalition urges Congress to recognize that the 100-year old, permanent federal tax exemption for municipal bonds is vital to infrastructure development and competitiveness in the United States, and is a part of the "blank slate" that many Members of Congress will use as the starting point for its deliberations.

The principle of reciprocal immunity -- the federal government doesn't tax state and local governments, and vice versa -- was considered imperative to the original tax code. It is a principle that should be preserved and protected now, and for the next 100 years. On behalf of all of the members of the MBFA, we strongly urge you to preserve the federal tax exemption for municipal bonds.

Feel free to contact John Murphy at 202-367-1257 or [jmurphy@nalhfa.org](mailto:jmurphy@nalhfa.org) with questions, and visit [www.munibondsforamerica.org](http://www.munibondsforamerica.org) for more information and a complete list of 30 supporting organizations across the country. We appreciate your consideration.

Regards,

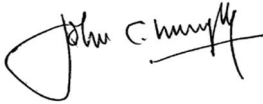
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Cc: United States Senators