



# Municipal Bonds for America

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**CALIFORNIA**  
**(22<sup>nd</sup> DISTRICT -- Rep. Devin Nunes)**

**HOW RESTRICTIONS ON THE MUNICIPAL BOND EXEMPTION  
WOULD AFFECT THE DISTRICT**

For over 100 hundred years, municipal bonds have served as the chief engine driving infrastructure investment in America. Over 70% of today's infrastructure was built with the help of municipal bonds, helping to construct America's hospitals, roads, airports, electrical and water treatment plants and countless other facilities Americans rely on every day.

In California's 22<sup>nd</sup> District, limiting the exemption would have dramatically negative effects. The higher costs of financing would force state and local governments to make cuts elsewhere, forcing unacceptable trade-offs. For example, if the Obama Administration's proposal to limit the exemption to only 28% of income earned had been in effect for its municipal bond offerings, the citizens of the 22<sup>nd</sup> District would have suffered in highly tangible ways:

- To offset the increased financing costs, the City of Clovis would have had to make budget cuts equal to 26% of its budget for Acquisition and Construction of Capital Assets.
- The Clovis Unified School District would have had to make cuts equal to 40% of its Home-to-School transportation program. How would all those kids have gotten to school?!!
- The Visalia Unified School District would have had to make the equivalent of a 40% cut in its instructional library, media and technology budget.
- The City of Tulare would have had to find cuts equal to 27% of its Community Development budget.

Limiting the municipal bond exemption is not a theoretical problem. It would have real world costs that would be felt in the lives of California citizens every day.

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**WHAT DO MUNICIPAL BONDS FINANCE IN CALIFORNIA?**

Tax-exempt municipal bonds are the primary source of funding for nearly every type of infrastructure project. From 2003-2012 tax-exempt municipal bonds financed thousands of infrastructure projects in the State of California costing more than \$411,164.0 Billion dollars, including:

<b><u>Type of Project</u></b>	<b><u>Amount</u></b>
Airports	\$8.1 billion
Bridges	\$8.4 billion
Fire Stations & Equipment	\$200 million
Acute Care Hospitals	\$38.2 billion
Mass Transportation	\$12.3 billion
Multi Family Housing	\$2.2 billion
Primary & Secondary Education	\$70.5 billion
Public Power	\$33.9 billion
Water & Sewer Facilities	\$48.2 billion
Affordable Homeownership	\$9 billion

**If the proposal to limit the exemption to only 28% of income earned had been in effect, the cost of California's municipal bonds for this period would have increased approximately 10.5% costing California State taxpayers an additional \$43.2 Billion.**