



Municipal Bonds for America

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COLORADO

HOW RESTRICTIONS ON THE MUNICIPAL BOND EXEMPTION WOULD AFFECT THE STATE

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 Colorado, 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, Colorado would have suffered in highly tangible ways:

- To offset the increased financing costs, the City of Denver each year would have had to make budget cuts totaling \$10 million, equal to a 48% cut in its economic development budget.
- Denver RTD would have had to impose offsetting budget cuts totaling almost \$20 million, equal to 147% of its utility costs.

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

WHAT DO MUNICIPAL BONDS FINANCE IN COLORADO?

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 Colorado costing more than \$48.4 Billion dollars, including:

<u>Type of Project</u>	<u>Amount</u>
Airports	\$2.1 billion
Bridges	--
Fire Stations & Equipment	\$200 million
Acute Care Hospitals	\$6.9 billion
Mass Transportation	\$2.7 billion
Multi Family Housing	\$300 million
Primary & Secondary Education	\$12.2 billion
Public Power	\$700 million
Water & Sewer Facilities	\$5.0 billion
Affordable Homeownership	\$1.4 billion

If the proposal to limit the exemption to only 28% of income earned had been in effect, the cost of Colorado State's municipal bonds for this period would have increased approximately 10.5% costing Colorado State taxpayers an additional \$5.07 Billion.