



Municipal Bonds for America

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Illinois
(6th DISTRICT – Rep. Peter Roskam)

**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 Illinois’ 6th 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 6th District would have suffered in highly tangible ways:

- For the Barrington Park District, offsetting the increased financing costs each year would have required the equivalent of cutting over 40% from its budget for capital outlays.
- The West Chicago Elementary School District 33 would have had to make the equivalent of a 24% cut in its transportation support services.
- Wheaton’s Community Unit School District 200 would have had to find \$7.2 million in cuts, equal to 18% of its capital outlay budget.
- The Village of Downers Grove would have had to find cuts equal to 51% of its community services 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 Illinois citizens every day.

WHAT DO MUNICIPAL BONDS FINANCE IN ILLINOIS?

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 Illinois costing more than \$104,657 Billion dollars, including:

<u>Type of Project</u>	<u>Amount</u>
Airports	\$4.99 billion
Bridges	\$20 million
Fire Stations & Equipment	\$160 million
Acute Care Hospitals	\$15.3 billion
Mass Transportation	\$4.12 billion
Multi Family Housing	\$1.12 billion
Primary & Secondary Education	\$20.95 billion
Public Power	\$2.62 billion
Water & Sewer Facilities	\$6.33 billion
Affordable Homeownership	\$1.9 billion

If the proposal to limit the exemption to only 28% of income earned had been in effect, the cost of Illinois municipal bonds for this period would have increased approximately 10.5% costing Illinois taxpayers an additional \$10,988.9 Billion.