Municipal Bonds for America

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MARYLAND

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

- To offset the higher financing costs, the State of Maryland would have had to make budget cuts totaling $90 million, equal to 39% of the State's natural resources and recreation spending.

- Montgomery County alone would have had to make cuts totaling nearly $30 million, equal to 66% of its community development and housing 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 the citizens of Maryland every day.

WHAT DO MUNICIPAL BONDS FINANCE IN MARYLAND?

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 Maryland costing more than $45.8 Billion dollars, including:

Type of Project	Amount
Airports	$100 million
Bridges	--
Fire Stations & Equipment	$40 million
Acute Care Hospitals	$6.9 billion
Mass Transportation	$3.4 billion
Multi Family Housing	$1 billion
Primary & Secondary Education	$1.2 billion
Public Power	$100 million
Water & Sewer Facilities	$2.9 billion
Affordable Homeownership	$4.3 billion

If the proposal to limit the exemption to only 28% of income earned had been in effect, the cost of Maryland State's municipal bonds for this period would have increased approximately10.5% costing Maryland State taxpayers an additional $4.80 Billion.