



Municipal Bonds for America

www.munibondsforamerica.org



**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 Nevada, 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, Nevada would have suffered in highly tangible ways:

- To offset the higher financing costs, the State of Nevada each year would have had to cut costs by \$18 million, equal to a 60% cut in educational spending.
- The Las Vegas Valley Water District annually would have had to spend the equivalent of 66% less on its purchases of energy.

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

WHAT DO MUNICIPAL BONDS FINANCE IN NEVADA?

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 Nevada costing more than \$25.4 Billion dollars, including:

<u>Type of Project</u>	<u>Amount</u>
Airports	\$3.6 billion
Bridges	--
Fire Stations & Equipment	\$100 million
Acute Care Hospitals	\$1.5 billion
Mass Transportation	\$600 million
Multi Family Housing	\$100 million
Primary & Secondary Education	\$6.3 billion
Public Power	\$10 million
Water & Sewer Facilities	\$5.0 billion
Affordable Homeownership	\$189 million

If the proposal to limit the exemption to only 28% of income earned had been in effect, the cost of Nevada State’s municipal bonds for this period would have increased approximately 10.5% costing Nevada State taxpayers an additional \$2.67 Billion.