



# Municipal Bonds for America

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## NEW YORK

### 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 New York, 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, New York would have suffered in highly tangible ways:

To offset its higher financing costs, New York City would have had to make budget cuts totaling nearly \$650 million, equal to 57% of its parks and recreation budget.

The New York City Water authority would have had to make cuts totaling nearly \$225 million, equal to 16% of its water supply and distribution 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 the citizens of New York every day.

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### WHAT DO MUNICIPAL BONDS FINANCE IN NEW YORK?

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 New York costing more than \$294.2 Billion dollars, including:

<u>Type of Project</u>	<u>Amount</u>
Airports	\$1.7 billion
Bridges	\$6.8 billion
Fire Stations & Equipment	\$300 million
Acute Care Hospitals	\$10.9 billion
Mass Transportation	\$28.0 billion
Multi Family Housing	\$12.7 billion
Primary & Secondary Education	\$25.5 billion
Public Power	\$7.4 billion
Water & Sewer Facilities	\$28.9 billion
Affordable Homeownership	\$4.2 billion

**If the proposal to limit the exemption to only 28% of income earned had been in effect, the cost of New York State's municipal bonds for this period would have increased approximately 10.5% costing New York State taxpayers an additional \$30.9 Billion.**