



Municipal Bonds for America

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Ohio
(12th DISTRICT – Rep. Patrick Tiberi)

**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 Ohio’s 12th 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 12th District would have suffered in highly tangible ways:

- For the Worthington City School District, offsetting the increased financing costs each year would have required the equivalent of cutting 15% from its budget for student transportation.
- The City of Dublin would have had to make cuts equal to 12.7% of its basic utility services.
- The City of Albany would have had to find cuts equal to 67% of its investment income.
- The Delaware City School District would have had to make the equivalent of a 41% cut in its instructional staff 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 Ohio citizens every day.

WHAT DO MUNICIPAL BONDS FINANCE IN OHIO?

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 Ohio costing more than \$81.1 Billion dollars, including:

<u>Type of Project</u>	<u>Amount</u>
Airports	\$1.5 billion
Bridges	--
Fire Stations & Equipment	\$10 million
Acute Care Hospitals	\$14.5 billion
Mass Transportation	\$200 million
Multi Family Housing	\$300 million
Primary & Secondary Education	\$18.6 billion
Public Power	\$2.5 billion
Water & Sewer Facilities	\$8.0 billion
Affordable Homeownership	\$4.9 billion

If the proposal to limit the exemption to only 28% of income earned had been in effect, the cost of Ohio State’s municipal bonds for this period would have increased approximately 10.5% costing Ohio State taxpayers an additional \$8.52 Billion.