



# Municipal Bonds for America

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## OHIO

### 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 Ohio, 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, Ohio would have suffered in highly tangible ways:

- To offset their higher financing costs, the City of Cincinnati would have had to impose budget cuts equal to 40% of its transportation and engineering expenses.
- The Northeast Ohio Regional Sewer District would have had to find cuts totaling over \$11 million, equal to 77% of its utilities 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 Ohio every day.

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### 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	\$100 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.**