Municipal Bonds for America

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WASHINGTON STATE

HOW RESTRICTIONS ON THEMUNICIPAL 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 Washington, 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, citizens of Washington would have suffered in highly tangible ways:

- To offset its added funding costs, the Port of Seattle would have had to cut $23 million from its budget, equal to a 99% cut in its port law enforcement budget.

- The King County Sewer authority would need to find offsetting cuts totaling $26 million, equal to 29% of its sewage treatment 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 citizens in Washington every day.

WHAT DO MUNICIPAL BONDS FINANCE IN WASHINGTON?

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 Washington costing more than $74.5 Billion dollars, including:

Type of Project	Amount
Airports	$1.4 billion
Bridges	$500 million
Fire Stations & Equipment	$300 million
Acute Care Hospitals	$7.1 billion
Mass Transportation	$2.4 billion
Multi Family Housing	$600 million
Primary & Secondary Education	$12.5 billion
Public Power	$11.9 billion
Water & Sewer Facilities	$7.6 billion
Affordable Homeownership	$994 million

If the proposal to limit the exemption to only 28% of income earned had been in effect, the cost of Washington State's municipal bonds for this period would have increased approximately10.5% costing Washington State taxpayers an additional $7.82 Billion.