



Municipal Bonds for America

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**WISCONSIN
(1st DISTRICT)**

(Speaker Paul Ryan)

**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 Wisconsin's 1st 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 1st District would have suffered in highly tangible ways:

- For Racine, offsetting the increased financing costs each year would have required the equivalent of cutting 27% in public health spending.
- Kenosha would have had to make cuts equal to 33% of its budget for streets and waste spending.
- Janesville would have had to suffer cuts equal to 45% of its investment income.
- Janesville Schools alone would have had to find offsetting budget cuts equal to 63% of their insurance 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 Wisconsin citizens every day.

WHAT DO MUNICIPAL BONDS FINANCE IN WISCONSIN?

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 Wisconsin costing more than \$41.3 Billion dollars, including:

<u>Type of Project</u>	<u>Amount</u>
Airports	\$1.43 billion
Bridges	--
Fire Stations & Equipment	\$160 million
Acute Care Hospitals	\$7.56 billion
Mass Transportation	\$1.88 billion
Multi Family Housing	\$430 million
Primary & Secondary Education	\$5.31 billion
Public Power	\$1.0 billion
Water & Sewer Facilities	\$3.2 billion
Affordable Homeownership	\$1.94 billion

If the proposal to limit the exemption to only 28% of income earned had been in effect, the cost of Wisconsin's municipal bonds for this period would have increased approximately 10.5% costing Wisconsin taxpayers an additional \$4.3 Billion.