**Essential Facts About Municipal Bonds**

* The elimination of the tax-exemption would raise borrowing costs **$823.92 billion.**
	+ This cost would be passed onto American residents and amount to a **$6,554.67** tax increase for every American household over the next decade.
* Tax-exempt bonds have financed more than **three quarters** of our nation’s infrastructure.
* In 2023 alone, nearly **$400 billion** in new municipal bonds were issued resulting in new roads, safer bridges, critical water treatment plants, and disaster relief.
* If preserved, tax-exempt municipal bonds will finance another **$3 trillion** in infrastructure investments by 2031, supporting thousands of projects and jobs.
* Tax-exempt municipal bonds are an essential financing mechanism after disasters.

**What Are Tax-Exempt Municipal Bonds?**

* Tax-exempt municipal bonds, written into the first tax code in 1913, are debt securities issued by state and local governments to fund public projects. These bonds are unique because the interest earned by investors is typically exempt from federal income taxes, and often from state and local taxes as well.
* This tax-exempt status makes the bonds attractive to investors, allowing governments to borrow at lower interest rates. Savings from these lower rates are passed along to communities, allowing cities to stretch their dollars further.
* By reducing borrowing costs, tax-exempt bonds make it easier for cities and town s to invest in long-term public projects that improve quality of life, spur economic growth, and build stronger communities.

**Why are Tax-Exempt Municipal Bonds Important?**

* Communities rely on tax-exempt municipal bonds as a critical tool to fund roads, bridges, police stations, fire houses, water treatment plans and more--projects that are vital to the well-being of communities across the country.
	+ They make large-scale projects financially feasible. Instead of relying solely on limited budgets or raising taxes, cities can use tax-exempt bonds to obtain the funds needed for major improvements at a much lower cost.
* Without tax-exempt municipal bonds, small and rural cities will be at a severe disadvantage in financing critical infrastructure.
	+ Projects under $50 million would struggle to secure affordable financing, leaving local governments with few options: raise taxes, cut essential services, or forgo projects altogether.