



MARYLAND
Association of
COUNTIES

April 1, 2013

The Honorable John Delaney
U.S. House of Representatives
1632 Longworth House Office Building,
Washington, DC 20515-2006

Dear Congressman Delaney,

The Maryland Association of Counties, representing county governments across the state of Maryland, asks you to defend the tax exemption for municipal bonds. In this effort we join with our national organization NACo and countless other government and community organizations, who recognize the importance of infrastructure serving transportation, education, and other critical local functions.

Tax-exempt municipal bonds are the most important tool in the United States for financing state and local infrastructure. State and local governments financed more than \$1.65 trillion of infrastructure investment over the last decade through the tax-exempt bond market. Municipal bond financing supports schools, hospitals, water, sewer facilities, public power utilities, roads and mass transit. In Maryland, the State and local governments used \$19.2 billion in municipal bonds for infrastructure investment over the past ten years.

Without a tax exemption for municipal bonds, Maryland's state and local governments would face greatly increased costs for these essential investments. NACo's estimate is some \$5.8 billion in additional interest costs from the last decade alone. These shifted costs to counties would fall primarily upon their main general revenue source -- the property tax. This would further burden an already struggling real estate market, and impose among the most regressive and unpopular tax schemes onto taxpayers.

As you represent Maryland in the federal fiscal debates, we ask that you recognize the high priority of the tax-exempt status of municipal bonds, to support local investment in our community infrastructure and protect our local taxpayers.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rick Pollitt', with a long horizontal flourish extending to the right.

Richard M. Pollitt
President, Maryland Association of Counties