

ANDY HARRIS, M.D.
FIRST DISTRICT, MARYLAND

COMMITTEE ON APPROPRIATIONS

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LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION

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Congress of the United States
House of Representatives
Washington, DC 20515

November 20, 2013

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Rick Pollitt
Maryland Association of Counties, President
169 Conduit Street
Annapolis, MD 21401

Dear Mr. Pollitt,

Thank you for contacting me in opposition to scaling back tax-exempt municipal bonds. As a father of five who recognizes the utmost importance of investing in school construction, I appreciate you sharing your thoughts with me regarding this very important issue. Since arriving in Congress, I have always believed that lower taxes leads to job growth and a healthy economy, as employers and employees keep more of their earnings to save, spend and invest.

As you know, almost all state and local governments sell bonds to finance public projects and certain qualified private activities. Most of the bonds issued are identified as tax-exempt bonds because the interest payments are not included in the investor's federal taxable income. That is why I was disappointed in the President for releasing a budget containing a provision that, if passed, would limit the tax-exempt status of municipal bonds.

If enacted, the President's policy proposal would have severe repercussions for cities not only in Maryland, but across America. According to a study prepared for the National League of Cities and the United States Conference of Mayors, if the deduction had been capped at 28% as proposed by President Obama, "the reduced investment would have annually supported 311,736 jobs, \$16.4 billion in labor income, and \$24.7 billion in gross domestic product." Further, if the deduction was struck altogether, "a total of 891,962 jobs, \$46.9 billion in labor income and \$70.7 billion in gross domestic product would have been lost."

During the next several months, there will likely be discussions as to how to best fix our outdated tax code. While I do believe that our tax code is in need of comprehensive reform, you my rest assured, that as these conversations take place, I will fight against efforts that raise the net tax burden faced by American families and employers.

As the 113th Congress addresses the many challenges facing our nation, I hope you will continue to share your suggestions. As always, I appreciate hearing from you, and I hope you will contact me regarding any issue of importance to the Maryland Association of Boards of Education (MABE) or the Maryland Association of Counties (MaCo).

Sincerely,

A handwritten signature in black ink that reads "Andy Harris, M.D." in a cursive style.

Andy Harris, M.D.
Member of Congress