



March 20, 2015

The Honorable Elijah E. Cummings  
United States Representative, District US H07  
Room 2230 RHOB- Rayburn House Office Building  
50 Independence Avenue, SW  
Washington, DC 20515-2007

Dear Representative Cummings,

The Maryland Association of Counties (MACo), 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. Municipal bond financing supports schools, hospitals, water, sewer facilities, public power utilities, roads and mass transit. State and local governments financed more than \$1.65 trillion of infrastructure investment from 2003-2012 through the tax-exempt bond market. Maryland state and local governments used \$19.2 billion in municipal bonds for infrastructure investment over the course of those 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 estimates that in Montgomery County, we would have had to pay \$40.2 million in additional interest costs in 2012 if municipal bonds had been fully taxable in the previous fifteen years. 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 a regressive and unpopular tax scheme 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 that reads 'Isiah Leggett'.

Isiah Leggett  
President, Maryland Association of Counties  
County Executive, Montgomery County