

INFRASTRUCTURE FINANCING

TAX-EXEMPT MUNICIPAL BONDS

For more than 100 years, tax-exempt bonds have been the primary financing mechanism for state and local infrastructure projects. These critical infrastructure tools have provided essential funding for states, counties and localities across the nation. In fact, three-quarters of all public infrastructure projects in the U.S. are built by states and local governments utilizing the public-private partnership embodied in these bonds.



The preservation of the tax-exempt status of municipal bonds is critical to the continued investment of states and localities in key infrastructure priorities. These bonds, in conjunction with an increased federal investment in infrastructure, will give state and local government the ability to efficiently build and rebuild the nation's highways, bridges, water systems and schools. According to the 2017 Infrastructure Report Card by the American Society of Civil Engineers (ASCE), our nation's infrastructure earned a cumulative grade of D+. For the years 2016 – 2025, infrastructure spending needs are estimated to be \$4.6 trillion. However, the likely funding available for this infrastructure is \$2.5 trillion, leaving unmet infrastructure spending needs at \$2.1 trillion through 2025.

Now is not the time to raise the cost of these projects by compromising the demonstrated success of the tax-exempt municipal bond market. NAST supports efforts by Congress to focus on infrastructure investment and looks forward to engaging with lawmakers to ensure that state and local governments can finance much needed infrastructure projects at the lowest possible cost to U.S. taxpayers.

ADVANCE REFUNDING

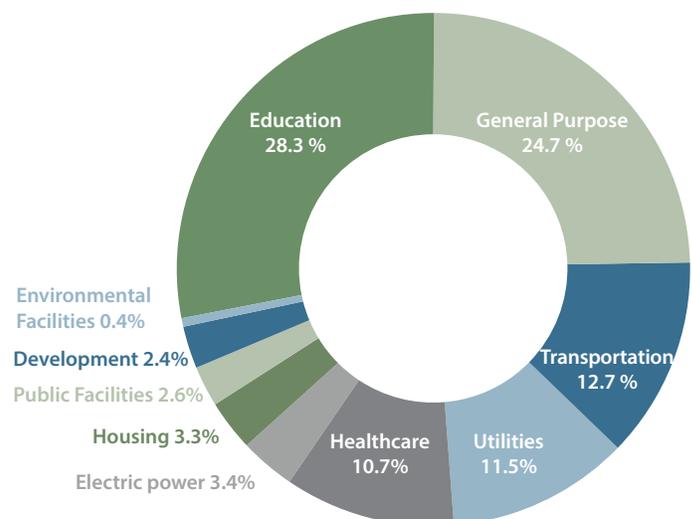
As of 2018, states no longer can conduct tax-exempt advance refundings. Tax-exempt advance refundings have enabled state and local governments to effectively invest in significant infrastructure upgrades. In 2017, more than \$100 billion in advance refunding bonds were conducted, saving taxpayer dollars that could then be reinvested back into vital infrastructure projects. On average, annual savings realized were between \$3 and \$6 billion.

NAST supports legislation to reinstate tax-exempt advance refundings and is working with the Public Finance Network, a coalition of approximately 40 groups, and the co-chairs of the House Municipal Finance Caucus - Reps. Dutch Ruppersberger (D-MD) and Steve Stivers (R-OH) - to advocate for the reintroduction of legislation to restore states' ability to advance refund tax-exempt bonds in the 116th Congress.

State and local governments finance more than 75 percent of all U.S. infrastructure projects, and as experts on infrastructure financing, we believe that retaining the tax-exempt status of municipal bonds and allowing for states to advance refund those bonds is critical for any infrastructure proposal.

PROJECTS FUNDED BY TAX-EXEMPT BONDS

General Use of Proceeds by Purpose (2012-2017)
Source: Thomson Reuters



ABOUT THE NATIONAL ASSOCIATION OF STATE TREASURERS

The National Association of State Treasurers (NAST), through its members and their expertise, is the nation's foremost non-partisan authority for responsible state treasury programs and related financial practices, policies, and education. NAST members are the State Treasurers, or equivalent chief financial officer, of all states, the District of Columbia, and the territories. The private sector is represented through the Corporate Affiliate Program where over 100 large, medium, and small firms help foster cooperation between the public and private financial sectors.

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College Savings Plans Network

The College Savings Plans Network (CSPN) is a network of officials who administer Section 529 qualified tuition programs and are dedicated to enhancing the communication, cooperation, and effective administration of the plans. The Network also seeks to influence the setting of national policy affecting 529 plans and those saving for education, and to ensure that the plans remain the leading choice for families to save for education.

National Association of Unclaimed Property Administrators (NAUPA)

Formed in 1962, NAUPA is the foremost authority on unclaimed property and the affirmed leader of the coalition of states, administrators, and holders working together to reunite rightful owners with their property. The purpose of the association is to promote and strengthen unclaimed property administration and interstate cooperation in order to enhance states' return of unclaimed property to rightful owners and provide a forum for the open exchange of information and ideas.

State Debt Management Network (SDMN)

The State Debt Management Network represents state officials involved in the issuance, management, and oversight of public debt. SDMN provides assistance, shares information, promotes professional relationships, and provides educational development opportunities to its members.

CONTACT

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