



NATIONAL ASSOCIATION OF STATE TREASURERS



The National Association of State Treasurers (NAST) serves as the nation's foremost authority for responsible state treasury programs and related financial practices, policies, and education.

The Leading Voice For Excellence In Public Finance



NAST members lead in the following areas:

- | 529 College Savings Plans
- | Achieving a Better Life Experience (ABLE) Savings Programs for People with Disabilities
- | Personal Financial Education and Empowerment
- | Tax Exempt Municipal Bonds and State Debt Management to Support Critical Infrastructure Financing
- | Local Government Investment Pools (LGIPs)
- | Retirement Security, Pension and Trust Administration
- | State Banking, Investment, and Cash Management
- | Unclaimed Property Programs - returning money, stocks, bonds, utility deposits, etc. to individuals who may have moved, lost a check, or forgotten about a bank account

SUPPORTING STATE AND LOCAL FINANCING TOOLS FOR CRITICAL INFRASTRUCTURE

For more than a century, tax-exempt municipal bonds have been the cornerstone of state and local infrastructure financing. These bonds are pivotal for funding essential infrastructure like roads, bridges, schools, water systems, and public safety facilities. The National Association of State Treasurers (NAST) urges Congress to prioritize maintaining the federal tax exemption for municipal bonds and reinstating tax-exempt advance refunding bonds as part of its ongoing commitment to infrastructure development.



WHY TAX-EXEMPT MUNICIPAL BONDS MATTER

The federal tax exemption on municipal bonds, established in 1913, represents one of the most successful federal-state-local partnerships. It allows state and local governments to finance nearly 75% of U.S. infrastructure needs. Over the past decade, governments have issued nearly 10,000 bonds annually, averaging \$391 billion per year and supporting \$1.65 trillion in infrastructure investment¹.

KEY BENEFITS

Economic Growth: Tax-exempt bonds reduce borrowing costs by approximately 2.1 percentage points, enabling local governments to build vital infrastructure without overburdening taxpayers. It is estimated that the tax-exemption will save issuers/borrowers about \$823.92 billion between 2026 and 2035².

- | **Community Development:** Projects funded by these bonds enhance public safety, education, healthcare, and housing.
- | **Stable Investment:** Municipal bonds are a reliable investment for individuals, particularly retirees, who benefit from the bonds' safety and predictable returns.



RESTORING TAX-EXEMPT ADVANCE REFUNDING BONDS

Until 2018, tax-exempt advance refunding bonds allowed governments to refinance debt and reduce borrowing costs. This tool provided substantial savings, enabling further infrastructure investments. However, its elimination in the Tax Cuts and Jobs Act of 2017 has increased costs for governments, ultimately burdening taxpayers.

IMPACT OF RESTORATION

- | **Cost Savings:** Advance refunding bonds reduced interest expenses and freed funds for additional projects.
- | **Marketing Efficiency:** In 2016, these bonds accounted for 27% of municipal bond market activity, demonstrating their widespread use and effectiveness.

ADDRESSING UNFUNDED MANDATES: FINANCIAL DATA TRANSPARENCY ACT (FDTA)

In 2022, Congress passed the Financial Data Transparency Act (FDTA) requiring the development of new bond debt reporting requirements on all state and local governments. While the full breadth of the requirements will not be known for several more years, they will ultimately require public agencies to submit financial reports in a new structured data format. This requirement will place a new and costly unfunded mandate on all public agencies while producing no new financial information for public consumption and potentially reducing government transparency. State Treasurers oppose wasting taxpayer dollars on unnecessary unfunded mandates.



NAST CALLS ON CONGRESS TO

- | Maintain the tax-exemption for municipal bonds.
- | Eliminate the unfunded mandates introduced by the FDTA.
- | Reinstate the ability for state and local governments to issue tax-exempt advance refunding bonds as a critical step in supporting cost-effective infrastructure development.

HELPING TO REUNITE OWNERS WITH THEIR UNCLAIMED PROPERTY

Support State Unclaimed Property Administrators

Each year, State Treasuries and Unclaimed Property Administrators help reunite residents with billions of dollars worth of their missing property. For many, this property can be anything from uncashed paychecks and missing physical property, to lost refunds and account balances. The purpose of unclaimed property laws is to protect the public by ensuring money and property owed to them is returned to them, rather than remaining permanently with financial institutions, businesses, and other entities. NAST advocates for legislation that continues to help citizens utilize the proven, trusted infrastructure of state unclaimed property programs to easily and securely claim their money.

Currently, NAST is advocating for unclaimed property programs to help solve the missing participant problem in the retirement industry through SURCH (States Unclaimed Retirement Clearing House). This streamlined reporting model will allow the voluntary transfer of uncashed distribution checks to state programs. Enabling this reporting will reconnect owners with their forgotten retirement and relieve the industry of billions in ongoing liability.

We support efforts for states to return unclaimed savings bonds, which could help reunite over \$36 billion in unclaimed savings bond proceeds with their rightful owners.

NAST CALLS ON CONGRESS TO

- | Help state unclaimed property administrators access title and records to unredeemed U.S. savings bonds, so they can use their proven track record to help reunite these bond proceeds with their rightful owners.
- | Support the SURCH program through rulemaking at DoL and support Congressional solutions such as H.R. 5325 the Unclaimed Retirement Rescue Plan.

EXPANDING ACCESS AND AFFORDABILITY OF COLLEGE AND EDUCATION SAVINGS

Support 529 College Savings Plans

State Treasurers and 529 college savings plan administrators play a major role in helping families save for college and other education opportunities. With more than 17.3 million open accounts, over \$567 billion saved, and an average account over \$38,000, 529 plans are the most important education savings tool for families.³ Research shows that children with a college savings account in their name are six to seven times more likely to attend a four-year college, compared with similar children with no dedicated account.⁴

Congressional support of 529 plans and efforts to enhance 529 savings programs have greatly benefited account holders saving for and paying for post-secondary education, including career and technical training. However, the program would benefit from additional changes to address the current treatment of 529 savings accounts in the federal financial aid methodology, which the overwhelming majority of plan administrators cite as the top obstacle to American families opening accounts and utilizing 529 plans. Additionally, NAST encourages ongoing education and engagement with Congressional stakeholders to support opportunities for families to save for education expenses with 529 plans.

NAST CALLS ON CONGRESS TO

- Exempt assets in 529 accounts held for the benefit of a student from being treated as a 'parental asset' in determining a family's expected contribution in the FAFSA.
- Develop tax incentives that promote employer contributions to the 529 plan of employees.
- Continue supporting efforts to educate families on tax-advantaged education savings through 529 plans.



PROVIDING OPPORTUNITIES FOR INDIVIDUALS WITH DISABILITIES

Support Achieving a Better Life Experience (ABLE) Accounts

Achieving a Better Life Experience (ABLE) savings accounts allow individuals with disabilities and their families to establish tax-advantaged savings and investments. ABLE accounts ease financial strains by making withdrawals tax-free when used to cover qualified expenses, such as medical and dental care, education, housing, and transportation. Since the passage of the ABLE Act in December 2014, 46 states and DC have launched ABLE programs. More than 223,000 accounts have been opened and over \$2.88 billion has been saved in ABLE accounts, as reports the ABLE Savings Plans Network as of September 30, 2025.

While Congress has already made several improvements to the ABLE Act, it would further benefit from additional enhancements. These additional changes would have minimal or insignificant cost to the federal government but would greatly benefit those with ABLE accounts.

NAST CALLS ON CONGRESS TO

- Pass the ABLE Employment Flexibility Act (HR 4644/S 2459), which allows employers to contribute to an employee's ABLE account in lieu of contributions to an employer-sponsored retirement plan and exempts these contributions from benefits income-counting rules (House version only).
- Exempt ABLE accounts and balances owned by deceased beneficiaries from Medicaid recovery.
- Allow savers to contribute certain types of lump-sums over the annual limit, such as from a legal judgment or insurance payout.
- Ensure federal agencies that administer benefits programs share useful information about ABLE with their program's participants.

¹ Built By Bonds. (2024). Protecting Bonds to Build Infrastructure and Create Jobs: A Projected 10-Year Analysis. Securities Industry and Financial Markets Association.

² Ibid

³ According to CSPN data as of June 30, 2025

⁴ The Role of Savings and Wealth in Reducing 'Wilt' between Expectations and College Attendance. Subsequently published as: Elliott, W. and Beverly, S. (2011). The role of savings and wealth in reducing 'wilt' between expectations and college attendance. *Journal of Children & Poverty*, 17(2), 165-185. William Elliott III University of Pittsburgh, School of Social Work Sondra Beverly, Center for Social Development. 2010

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ABLE Savings Plans Network (ASPN)

The ABLE Savings Plans Network (ASPN) provides strategic leadership on advancing ABLE accounts by monitoring federal legislative and regulatory actions that impact state ABLE plans. Additionally, the Network focuses on developing strategies to improve ABLE plans at the federal level, and analyzing program administration and best practices for those with an eligible disability who want to save and invest for a better life, achieve financial empowerment, and prepare for a more independent future.

ABLEtoday.org



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College Savings Plans Network (CSPN)

The College Savings Plans Network (CSPN) is a leading objective source of information about Section 529 college savings plans and prepaid tuition plans – popular, convenient, and tax-advantaged ways to save for college. CSPN brings together state officials who administer 529 savings and prepaid plans from across the country, as well as their private-sector partners, to offer convenient tools and objective, unbiased information to help families make informed decisions about saving for higher education.

CollegeSavings.org



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National Association of Unclaimed Property Administrators (NAUPA)

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.

Unclaimed.org, Missingmoney.com



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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.

SDMN.org

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