

# **Bond Case Briefs**

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## **Tax Code Constraints Limit Tribal Tax-Exempt Bonding.**

**Legal barriers may contribute to tribal governments' lower usage of tax-exempt bonds**

### **Article Highlights**

- Tribal citizen per capita tax-exempt bond proceeds fall below U.S. residents as a whole
- Legal constraints to issuing bonds and raising government revenue likely contribute to gap
- Further analysis requires more complete tribal bond data

Tax-exempt municipal<sup>1</sup> bonds play an important role in financing the construction of public purpose projects and supporting private development across the country. For a given level of risk, tax-exempt debt can offer a lower cost of capital than financing the same project using taxable debt.<sup>2</sup> Tribal governments, however, face both legal and debt service barriers to using this important financing mechanism available to state and local governments. These barriers can create challenges for tribes seeking to access the half-trillion-dollar annual tax-exempt municipal bond market for low-cost capital financing.

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April 25, 2024