

Bond Case Briefs

Municipal Finance Law Since 1971

GFOA Municipal Bond Resource Center.

The municipal bond tax exemption has a long history of success, having been maintained through two world wars and the Great Depression, as well as the recent Great Recession, and it continues to finance the majority of our nation's infrastructure needs for state and local governments of all. Members of the Public Finance Network continue have emphasized that tax-exempt municipal bonds have been used to finance over \$3 trillion in critical infrastructure including the construction of schools, hospitals, airports, affordable housing, water and sewer facilities, public power utilities, roads and public transit.

In 2015 alone, nearly 12,000 tax-exempt bonds were issued to finance more than \$362 billion in infrastructure investments. Through the tax-exemption, the federal government continues to provide critical support for the federal, state and local partnership that develops and maintains essential infrastructure, which it cannot practically replicate by other means.

State and Local Fiscal Facts

Municipal securities are predominantly issued by state and local governments for governmental infrastructure and capital needs purposes, such as the construction or improvement of schools, streets, highways, hospitals, bridges, water and sewer systems, ports, airports and other public works. . Between 2007 and 2016, states, counties, and other local governments invested \$3.8 trillion in infrastructure through tax-exempt municipal bonds.

Other facts on municipal bonds:

- The volume of municipal bonds hit \$445 billion in 2016
- Over the last 10 years, state and local governments have invested \$3.8 trillion in infrastructure through tax-exempt municipal bonds.
- Debt service is typically only about 5 percent of the general fund budgets of state and municipal governments
- Municipal securities are considered to be second only to Treasuries in risk level as an investment instrument.

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