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Tearing Down Tax Walls Pitched as Way to Spur Green Muni Bonds.

- **Ramirez banker says creating national market would cut costs**
- **Plan would involve extending tax breaks to out-of-state debt**

Banker Alfredo Quintero just finished working on the New York subway operator's first green-bond sale when he considered the paradox that's kept environmentally minded investing from taking off in the $3.8 trillion municipal-securities market.

States and cities routinely sell debt for mass-transit systems, water-treatment plants and other projects that do good for the environment, so they would seem like the perfect pipeline to feed the latest fixed-income trend. Yet they rarely go through the steps to market their bonds as green for a good reason: it doesn't seem to save them money.

But those savings could emerge, Quintero realized, if one could tear down the tax-law barriers that largely keep the $400 billion of municipal bonds sold each year in their home states. So the senior managing director at investment bank Samuel A. Ramirez & Co. has been pitching California officials on a plan to extend the state's tax exemption to New York's green bonds, and vice versa, marking a first step toward creating a national market that could vastly increase demand and cut the yields governments pay.

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