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Former Banker in Congress Sticks Up for Muni-Bond Tax Break.

A group of Republicans is standing up for the municipal tax-exemption, threatening a possible revenue raiser for their party's marquee tax bill this year.

In a letter addressed to Chairman Jason Smith of the Ways and Means Committee, seven GOP lawmakers on the Financial Services Committee lauded municipal bonds as a "critical tool that has underpinned American infrastructure and community development for over a century." They warned about the fallout if the exemption were to go away.

"We caution against any measures that could have unintended consequences on the municipal bond market for thousands of local governments and the constituents they serve," wrote US Representative French Hill, who serves as chairman of the House Financial Services Committee, in the letter dated April 11. "Preserving access to tax-exempt financing is especially critical for smaller and rural issuers, who often lack alternative pathways to affordable capital."

Continue reading.

Bloomberg Markets

By Arvelisse Bonilla Ramos, Zach C Cohen, and Amanda Albright

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