

1 **2025 NYSAC Legislative Conference**
2 **Standing Committee on Taxation and Finance**
3 **Resolution #2**

4
5 **Resolution Calling on New York’s Congressional Delegation to Preserve the**
6 **Federal Tax Exemption for Municipal Bonds**

7
8 **WHEREAS**, federal law provides a tax exemption for municipal bonds that has been
9 part of the federal tax code since its inception in 1913; and

10
11 **WHEREAS**, in recognition of the effectiveness of the exemption in helping state and
12 local governments finance capital projects and improvements, including infrastructure
13 and facilities that are vitally important to sustain local, regional and national economic
14 growth; and

15
16 **WHEREAS**, tax-exempt municipal bonds are the most important tool in the United
17 States for financing investment in schools, roads, water and sewer systems, airports,
18 bridges, ports, broadband, hospitals, and other vital infrastructure; and

19
20 **WHEREAS**, between 2012 and 2022, counties, localities, states and state/local
21 authorities financed \$3.3 trillion in infrastructure investments through tax-exempt
22 municipal bonds; and

23
24 **WHEREAS**, the 10-year funding gap between the \$5.9 trillion in infrastructure needs
25 and public spending necessary to achieve a state of good repair is \$2.6 trillion; and

26
27 **WHEREAS**, the municipal bond tax-exemption represents a fair allocation of the cost
28 of projects between federal and state/local governments which have invested more than
29 double in infrastructure than the federal government over the last decade; and

30
31 **WHEREAS**, any reduction in the availability of tax-exempt municipal bonds combined
32 with rising infrastructure material and labor input costs will place enormous pressure
33 on local governments in New York to maintain existing levels of transportation
34 construction, maintenance and service on what constitutes 87 percent of New York’s
35 110,000 miles of roadways, 50 percent of 18,000 bridges, and 46 percent of the vehicle
36 miles traveled in New York; and

37
38 **WHEREAS**, nationwide, tax-exempt bonds are vital for infrastructure needs as
39 counties own and operate 45 percent of public roads and highways and own a third of
40 the nation’s transit systems and airports; and

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42 **WHEREAS**, the availability of these municipal bonds not only supports local needs
43 and jobs, but it also strengthens the regional and national network of essential public
44 infrastructure that enhances U.S. gross domestic product and improves the nation’s
45 global competitiveness now and for decades to come; and

1 **WHEREAS**, congressional discussions to repeal or cap the municipal bond exemption
2 to offset the costs of extending components of the Tax Cut and Jobs Act that sunset at
3 the end of 2025 is likely to be counterproductive by making future infrastructure
4 projects more expensive, and threaten the creation (and maintenance) of hundreds of
5 thousands of high skill and high paying jobs; and
6

7 **WHEREAS**, according to the Government Finance Officers Association (GFOA), if
8 state and local governments lose the ability to use federally tax-exempt bonds and are
9 compelled to issue taxable bonds as an alternative, it is estimated that debt issuance
10 costs would increase by 25 percent, more for smaller and rural governments, making
11 many projects too expensive to pursue; and
12

13 **WHEREAS**, to maintain our global economic leadership and continue to lead the
14 world economy through the next century, the U.S. must have a modern, efficient and
15 well-maintained infrastructure system; and
16

17 **WHEREAS**, the Tax Cuts and Jobs Act eliminated advance refunding as a cost-savings
18 tool for state and local governments which has limited the options to refinance debt,
19 especially since interest rates fluctuate over the lifetime of outstanding governmental
20 bonds (which in many cases is 30+ years) causing state and local governments to pay
21 more in interest, a cost directly borne by your constituents at the local level.
22

23 **NOW, THEREFORE, BE IT RESOLVED**, the New York State Association of
24 Counties (NYSAC) calls on the New York Congressional Delegation to maintain the
25 federal tax exemption for municipal bonds; and
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27 **BE IT FURTHER RESOLVED**, Congress should restore advance refunding to the
28 federal tax code; and
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30 **BE IT FURTHER RESOLVED**, copies of this resolution be sent to the counties of
31 New York encouraging member counties to enact similar resolutions; and
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33 **BE IT FURTHER RESOLVED**, the New York State Association of Counties shall
34 forward copies of this resolution to members of the New York State Congressional
35 Delegation, Governor Kathy Hochul, the New York State Legislature, and all others
36 deemed necessary and proper.