FRENCH HILL, AR
CHAIRMAN

MAXINE WATERS, CA
RANKING MEMBER

United States House of Representatives
One Hundred Nineteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

April 11, 2025

The Honorable Jason Smith
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Smith,

As Congress moves forward with building on President Trump's successful Tax Cuts and Jobs Act, we urge you to fully support the tax-exempt status of municipal bonds—a critical tool that has underpinned American infrastructure and community development for over a century.

Municipal bonds have empowered nearly 50,000 state and local governments to finance schools, roads, water systems, hospitals, airports, and other essential public goods at lower cost to taxpayers. Any effort to eliminate or significantly curtail their tax-exempt status risks increasing borrowing costs, delaying or downsizing critical projects, and weakening the ability of local communities to respond to the unique needs of their residents.

Municipal bonds are a highly local tool with national reach. Between 2012 and 2021, over $4 trillion in municipal bonds were issued to finance public infrastructure. In an average congressional district, more than 1,400 individual public projects were funded by municipal bonds over the past decade.

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. Preserving access to tax-exempt financing is especially critical for smaller and rural issuers, who often lack alternative pathways to affordable capital.

Tax-exempt municipal bonds have a proven track record of responsible, community-driven investment. They are a fiscally sound tool that enables state and local governments to meet the growing needs of their communities without increasing federal spending or burdening local taxpayers. Therefore, we urge your support in preserving the federal tax-exemption for municipal bonds.

Thank you for your careful consideration of this critical matter. We look forward to further dialogue on these proposed reforms.

Sincerely,

French Hill
Chairman, Committee on Financial Services

Ann Wagner
Chairman, Subcommittee on Capital Markets

Bill Huizenga
Vice Chairman, Committee on Financial Services

Frank D. Lucas
Chairman, Task Force on Monetary Policy, Treasury Market Resilience, and Economic Prosperity

Andy Barr
Chairman, Subcommittee on Financial Institutions

Daniel Meuser
Chairman, Subcommittee on Oversight and Investigations

Mike Flood
Chairman, Subcommittee on Housing and Insurance