



A CENTURY OF STRENGTHENING CITIES

Tax-Exempt Municipal Bonds Under Threat – What to Know

March 26, 2025



History of Tax-Exempt Muni Bonds



- **1913** - Tax-exempt municipal bonds introduced in US' first Tax Code
- **2017** - House Republicans removed the tax-exemption in the Tax Cuts and Jobs Act
- **2024** - A number of think tanks suggested the removal of the tax-exemption
- **2025** - House Budget document showing tax-exemption on the cutting block leaked

Eliminate Exclusion of Interest on State and Local Bonds

\$250 billion in 10-year savings

Interest earned on municipal bonds is currently excluded from taxable income. This option would end the exclusion, making income from municipal bond interest taxable.

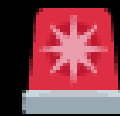


Stephen Moore ✓

@StephenMoore



An Easy Way to Save \$250 Billion



Instead of adding new taxes or extending costly deductions, Congress should consider closing the state and local bond loophole.

The Senate Finance Committee estimates this could generate \$250 billion over 10 years.

Currently, the deduction primarily benefits Wall Street traders, mayors, and public unions—hardly a fiscally responsible choice for a nation grappling with debt.

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VIABILITY: HIGH / MEDIUM / LOW

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9:03 AM · Mar 20, 2025 · **10.3K** Views



What Happens if We Lose the Tax-Exemption?



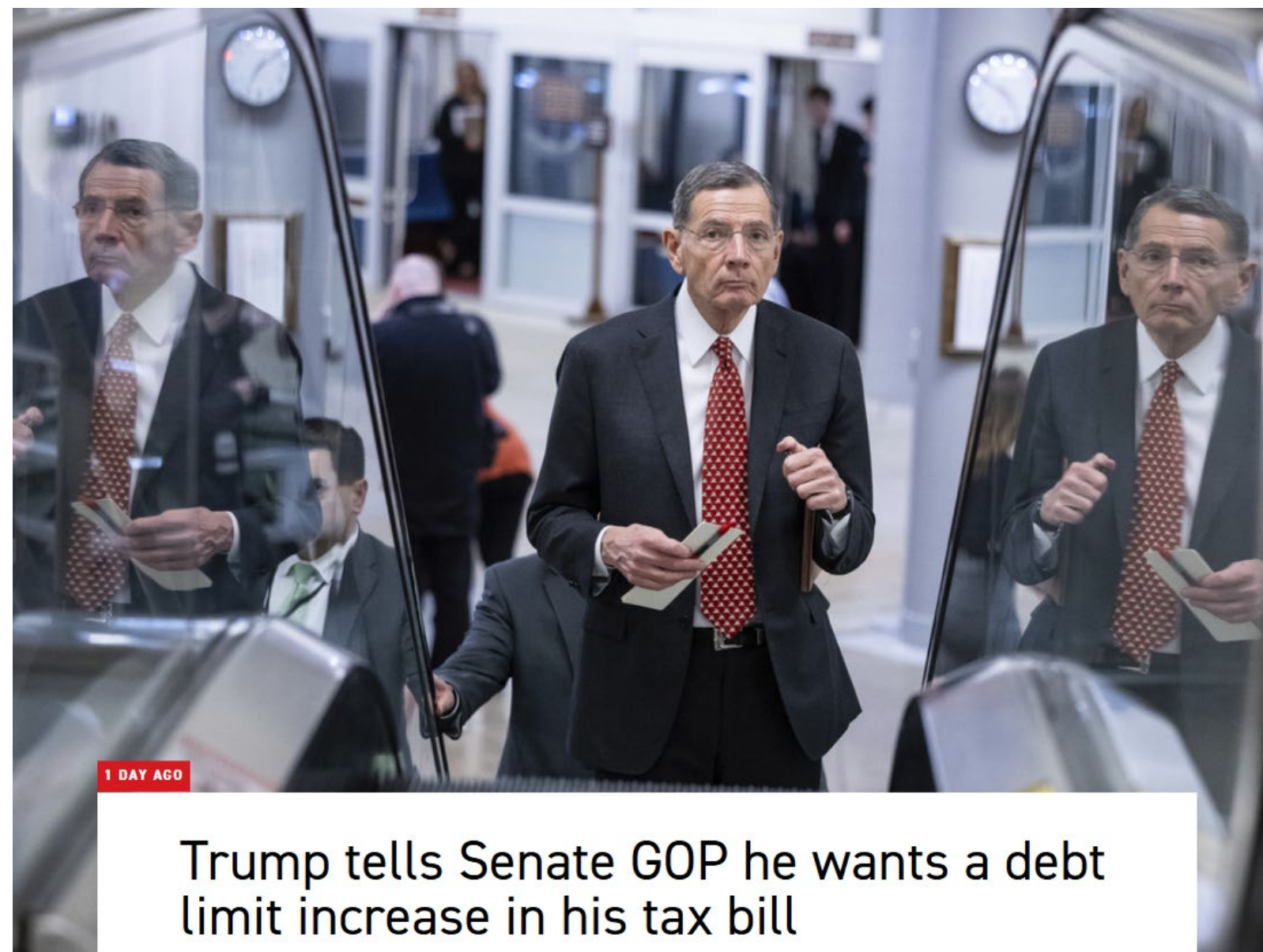
 \$823.9 Billion cost to Local Government over the next 10 years

 \$6,544.67 average raise in taxes for households

 Market access loss to small and rural cities

Where Are We Now?

- What is Budget Reconciliation and why is it important?
- House vs. Senate/Fiscal Conservatives vs. Tax Cuts



Trump tells Senate GOP he wants a debt limit increase in his tax bill

The issue is expected to come up again at a White House meeting on Tuesday.

JORDAIN CARNEY
03/25/2025, 12:39PM ET

Senate Republicans eye big changes to House budget

It's the latest sign that the two chambers are nowhere near resolving the major differences on the GOP agenda.



Senate Budget Chair Lindsey Graham (R-S.C.) called the House budget framework "woefully inadequate." | Francis Chung/POLITICO

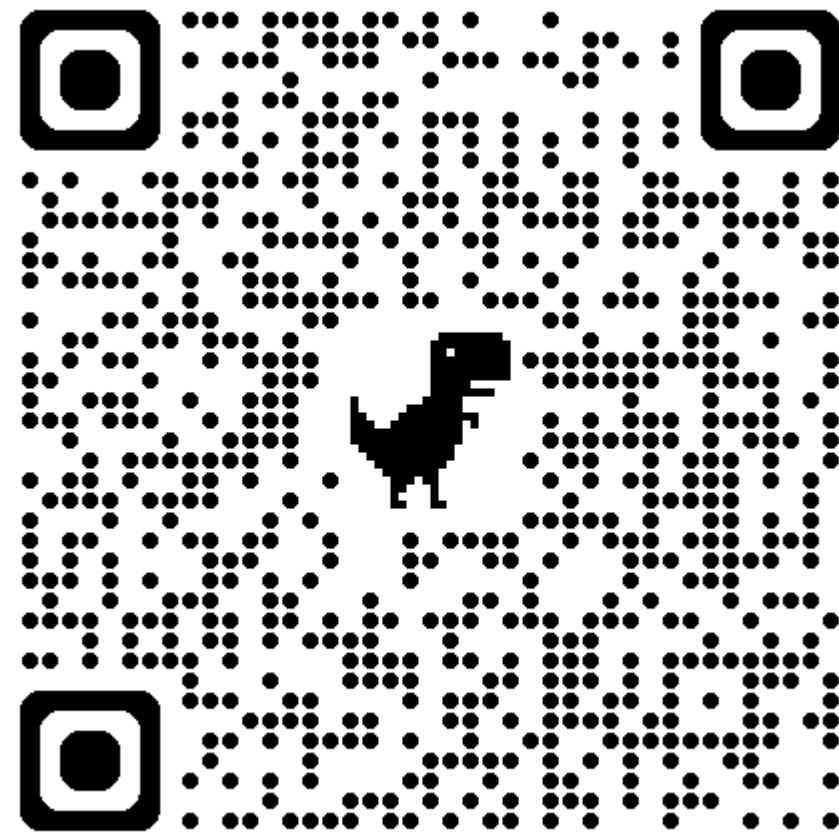
By JORDAIN CARNEY and BEN LEONARD
03/25/2025 07:00 PM EDT



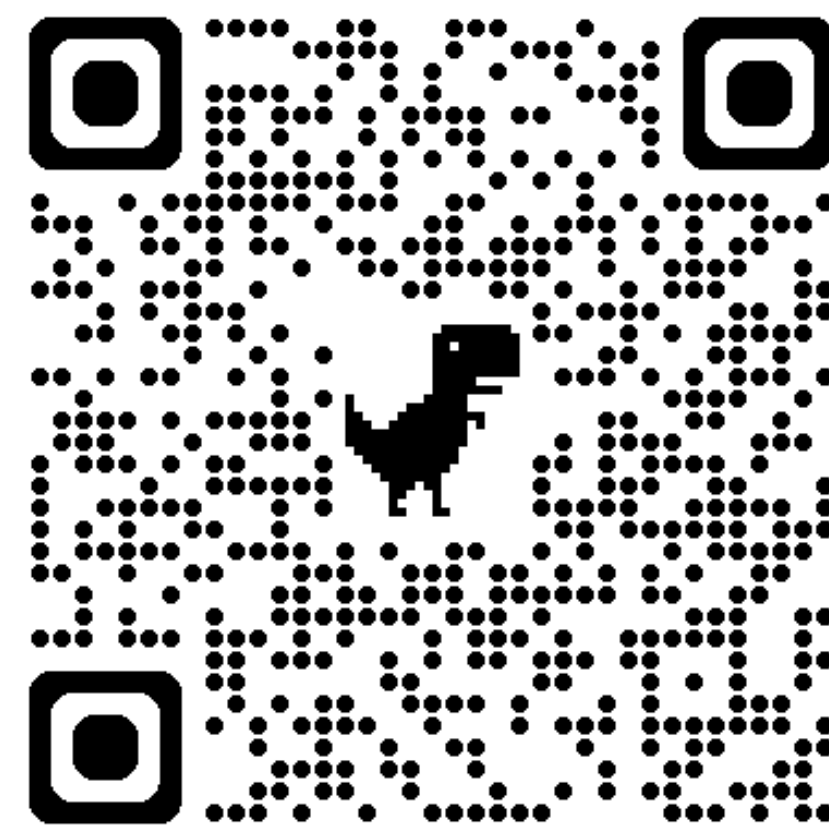
What Can You Do to Protect Bonds?



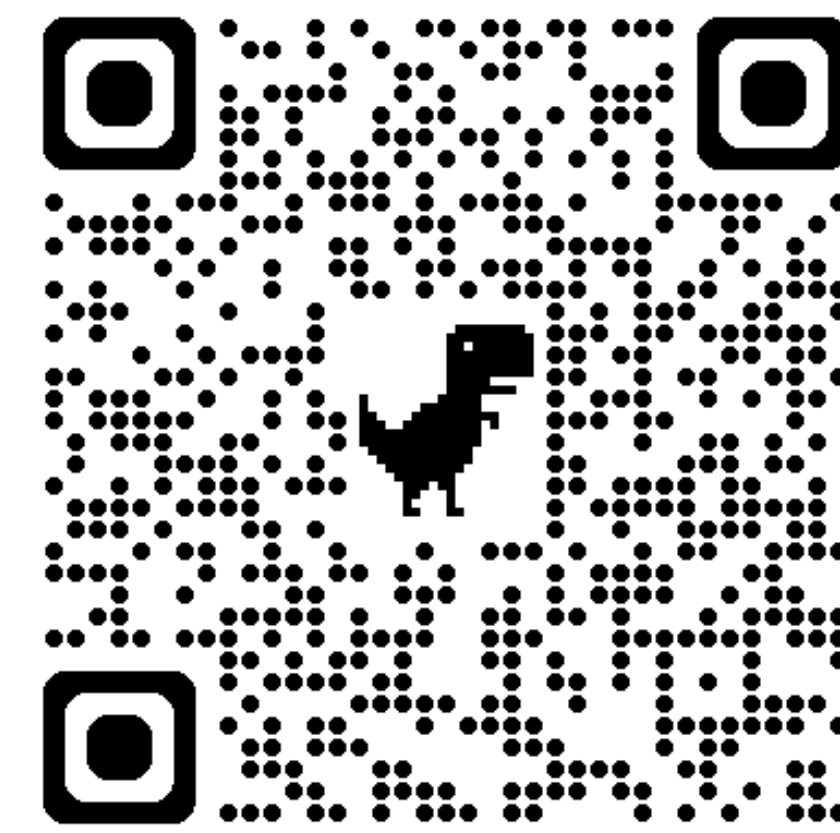
- Call your **representative** or send a letter
- Pass a **City Council resolution** to protect bonds



Missouri Municipal League
Bond Page



Drafted Letter to Congress



City Council Resolution
Template