



# Municipal Bonds for America

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## KANSAS

### HOW RESTRICTIONS ON THE MUNICIPAL BOND EXEMPTION WOULD AFFECT THE STATE

For over 100 hundred years, municipal bonds have served as the chief engine driving infrastructure investment in America. Over 70% of today's infrastructure was built with the help of municipal bonds, helping to construct America's hospitals, roads, airports, electrical and water treatment plants and countless other facilities Americans rely on every day.

In Kansas, limiting the exemption would have dramatically negative effects. The higher costs of financing would force state and local governments to make cuts elsewhere, forcing unacceptable trade-offs. For example, if the Obama Administration's proposal to limit the exemption to only 28% of income earned had been in effect for its municipal bond offerings, Kansas would have suffered in highly tangible ways:

- To offset its higher financing costs, the State of Kansas somehow would have had to find budget cuts totaling \$41 million, equal to 19% of its general government budget.
- The City of Overland Park would have had to make cuts equal to 15% of its planning and development services budget.

Limiting the municipal bond exemption is not a theoretical problem. It would have real world costs that would be felt in the lives of the Kansans every day.

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### WHAT DO MUNICIPAL BONDS FINANCE IN KANSAS?

Tax-exempt municipal bonds are the primary source of funding for nearly every type of infrastructure project. From 2003-2012 tax-exempt municipal bonds financed thousands of infrastructure projects in the State of Kansas costing more than \$22.5 Billion dollars, including:

<u>Type of Project</u>	<u>Amount</u>
Airports	\$40 million
Bridges	\$50 million
Fire Stations & Equipment	\$30 million
Acute Care Hospitals	\$2.9 billion
Mass Transportation	\$300 million
Multi Family Housing	\$80 million
Primary & Secondary Education	\$5.2 billion
Public Power	\$500 million
Water & Sewer Facilities	\$2.5 billion

**If the proposal to limit the exemption to only 28% of income earned had been in effect, the cost of Kansas State's municipal bonds for this period would have increased approximately 10.5% costing Kansas State taxpayers an additional \$2.36 Billion.**