

Finance Committee

May 27, 2025

Tax Exemption for Municipal Bond Interest



Tax exemption for municipal bond interest

- Some of the options to reduce the impact on the deficit include changes to federal tax deductions and exemptions and other tax law changes.
- Repeal of the ***tax exemption for interest on municipal debt*** would increase federal tax revenues by \$470 billion over the next 10 years.
- State and local governments finance about 75% of the public infrastructure in the U.S..
- Repeal of this tax exemption is estimated to ***increase taxes and fees by \$6,500 per household nationally.***