



Consumer Federation of America

March 8, 2013

The Honorable Max Baucus
Chairman
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Orrin G. Hatch
Ranking Member
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Hatch:

As Congress considers proposals related to tax treatment of municipal bond interest, the Consumer Federation of America (CFA) urges it to seriously assess the implications for consumers. Some of the proposals being considered could well have significant adverse impacts on key consumer services provided by local governments, such as power and water. For that reason, the more than 250 non-profit consumer groups that belong to CFA support the resolution: "The federal tax exemption for state and local bonds should be retained for clearly public purposes."

We are particularly concerned that the costs and benefits of altering the tax treatment of municipal bonds have not received sufficient public discussion and debate. In the 112th Congress, the House Ways and Means Committee held not a single hearing on this subject. And while the Senate Finance Committee did hold such a hearing, it did not invite a single witness representing state and local governments, or local taxpayers and ratepayers, to testify.

CFA members have also approved the resolution: "CFA supports a thorough public assessment of intended and unintended consequences of public policies that devalue these tax exemptions." We urge you and your committee to help ensure that such a public assessment takes place.

Sincerely,

Stephen Brobeck
Executive Director

CC: Members of the U.S. Senate