**CDFA SAMPLE LETTER: PRESERVE & PROTECT TAX-EXEMPT BONDS**  
Please copy the text from this letter and place it on your organization’s letterhead. Modify the **RED** areas to reflect your particular agency. Find the address of the office you are sending to and add to the letter. It is best to **EMAIL** the letter to the Congressional office. You can also send a copy of the letter to the representative’s state and local offices. Please be sure to send CDFA a copy of your letter with details on your outreach efforts. CDFA will do follow-up when appropriate. If the Congressional office responds with support or any new info, please send this to Andres Caro ([acaro@cdfa.net](mailto:acaro@cdfa.net)). If you represent a statewide organization, please send a tailored letter to every member of Congress from your state. Any and all outreach is critical to gaining support in Congress.

INSERT DATE

INSERT REPRESENTATIVE

INSERT ADDRESS

INSERT CITY, STATE ZIP

PRESERVE & PROTECT TAX-EXEMPT BONDS

Dear Representative [INSERT NAME],

On behalf of [INSERT YOUR ORGANIZATION NAME] we want to thank you for your leadership in the 119th Congress. Your support, commitment and dedication are important to our effort to drive economic and community development locally.

For more than a century, states, local governments, and nonprofits have financed infrastructure and community improvement projects using Tax-Exempt Bonds (TEBs) and/or Private Activity Bonds (PABs). This infrastructure makes possible nearly every aspect of daily life and is critical in building and maintaining a strong economy for every citizen and business in the country.

TEBs/PABs are the most critical development finance tool available to communities. They are used to fund roads, bridges, schools, water facilities, energy utilities, wastewater and sewer, affordable housing, community facilities, hospitals, manufacturing, senior living, and first-time farmers. There are discussions within Congress to potentially eliminate and/or curtail the use of TEBs and/or PABs. However, any conversation about eliminating or curtailing this critical financing tool is without merit and should be rejected outright.

We ask that you join us in supporting the preservation of TEBs/PABs in Congress. Your support and vote to preserve and protect TEBs/PABs is critical to our economic and community development efforts.

For the following reasons we believe in protecting and bolstering the TEBs/PABs market:

* TEBs/PABs are an incredibly efficient financing tool. Market data from 2023 shows tax-exempt municipal bonds reduced state and local borrowing costs by 210 basis points; e.g. from 6.1% to 4%. Elimination of the tax-exemption would correspondingly raise borrowing costs over $823 billion, a cost that would be passed on to American residents and businesses and amounts to an over $6,500 tax and rate increase for every American household and business. (Source: Public Finance Network, 2025)
* By eliminating TEBs/PABs, the ability for communities around the country to finance these projects will also be eliminated, as governments and project sponsors will be forced to borrow at higher interest rates. Industry experts have estimated that interest rates for borrowers would increase by 1.5-2.5% for bond transactions of varying levels of credit quality if TEBs/PABs are eliminated. Conservatively, such a rise in interest rates would cause the cost of borrowing for state and local governments to increase by as much as 25-35%. (Source: Council of Development Finance Agencies, 2025)
* State and local governments bear 90% of the annual value of construction put in place – 90% of which is financed with TEBs/PABs, resulting in a 10-year volume of issuance in excess of $4 trillion. These include some of the nation’s largest infrastructure projects, with the majority funding routine, but critical, investments made by small towns and rural communities, with 61,914 projects costing less than $10 million financed by TEBs/PABs in the last decade alone. These investments make our communities livable and commerce possible. (Source: Public Finance Network, 2025)
* Based on research from the Council of Development Finance Agencies (CDFA), 80% of bond issuers indicate that 50% of their projects over the past 5 years would NOT have occurred without tax-exempt bonds. Of the projects that would have proceeded without tax-exempt bonds, 90% would have been scaled back or less ambitious. The elimination of TEBs/PABs would cause economic stagnation and derail critical local infrastructure, community development, and economic development projects. And, this would most certainly lead to job loss and stagnant job growth locally. (Source: Council of Development Finance Agencies, 2025)
* TEBs/PABS are a dependable fixed-income investment for a specific investor base – those 65 and older. As noted above, in exchange for the interest being exempt from federal tax, investors agree to receive a lower rate of return – a 210 basis point savings to state and local governments as noted above. But investors also benefit from an extremely well understood, well regulated, and dependable fixed-income financial investment. With a default rate of less than 0.1%, nearly 60 percent of tax-exempt bond interest earned by individuals goes to those age 65 and older. (Source: Public Finance Network)

We understand the importance of streamlining the tax code and growing revenue; however, any tax reform legislation that eliminates Tax-Exempt Bonds and/or Private Activity Bonds would be extremely damaging to community and economic development at the state and local levels, and would undermine the purported economic gains of any tax reform. ***To be clear, the elimination of TEBs/PABs would devastate state and local government.***

We are part of a national network of supporters working with the Council of Development Finance Agencies (CDFA) to Preserve & Protect Tax-Exempt Bonds. Should you have any questions, do not hesitate to reach out and we can connect you with CDFA’s advocacy team.

Thank you for your support to **Preserve & Protect Tax-Exempt Bonds!**

Sincerely,

INSERT YOUR NAME

INSERT TITLE

INSERT ORGANIZATION

INSERT BEST CONTACT INFO