



To: Elected & Appointed Officials
Economic Development Directors
Finance Directors
Municipal Clerks
Tax Collectors & Treasurers

From: Kate Dufour, Advocacy & Communications Director

Date: March 27, 2025

Re: Federal Action Alert – Tax Exempt Bonds – **Status at Risk**

The purpose of this memo is two-fold.

Tax Exempt Bonds. On Tuesday, the National League of Cities (NLC) notified municipal leaders that the tax exemption on municipal bonds is at serious risk. Economic advisors to the Trump Administration are describing the repeal of the exemption as “an easy way to save \$250 billion.”

In Maine, municipal bonds have funded countless community projects, including essential infrastructure projects such as schools, roads, water systems, and public safety facilities. The tax-exempt status makes these bonds especially valuable, as it keeps borrowing costs low for municipalities and reduces the financial burdens placed on property taxpayers.

In 2024, the Maine Municipal Bond Bank financed several tax-exempt projects, totaling nearly \$9 million in improvements and estimates that without the tax-exempt status, borrowing costs would increase by 25–50%, translating to millions more paid by property taxpayers.

Municipal officials who have benefited from the use of tax-exempt bonds are encouraged to reach out to members of Maine’s federal delegation and **provide examples of projects supported by these bonds and resulting savings to property taxpayers.** Sharing your stories will provide the data Senators Collins and King, Congresswoman Pingree, and Congressman Golden need to advocate for the continuation of the exemption.

Additionally, the NLC is encouraging municipal councils and selectboards to pass resolutions in support of the tax exemption to share with federal leaders. A template can be found [here](#).

Find Federal Updates on MMA’s Website. Considering the rate at which federal policy is being discussed and implemented, the Association has consolidated all relevant municipal announcements and information in a single location on the website. The posted information is organized by date and includes a brief description of the issue and access to links for more information. Municipal officials are encouraged to visit this section of the website frequently, as updates are likely to be posted weekly, and at times, daily.

Thank you for your attention to this important issue. If you have questions, please contact me at kdufour@memun.org or 1-800-452-8786.