



Sunnyvale



May 14, 2025

The Honorable Ro Khanna
United States House of Representatives
306 Cannon House Office Building
Washington, DC 20515

RE: PROTECTING TAX-EXEMPT MUNICIPAL BONDS

Dear Congressman Khanna,

On behalf of the Cities of Morgan Hill, Mountain View, San Jose, Sunnyvale, Silicon Valley Clean Energy, Midpeninsula Open Space District, and County of Santa Clara, we collectively represent a population of nearly 1.9 million in Santa Clara County, and respectfully request your support for maintaining the federal tax exemption on municipal bond interest as Congress prepares to reduce the federal budget deficit and advance comprehensive tax reform legislation. Tax-exempt municipal bonds have been the cornerstone of local infrastructure investment. If local governments lose the ability to use tax-exempt bonds, the increased costs will have a crippling effect on infrastructure, community services, and households in general.

Municipal bonds are used throughout the country to build and maintain schools, roads, public transportation systems, airports, water infrastructure, public utilities, healthcare, affordable housing, public safety, energy, environmental safety, and many other infrastructure projects. Throughout the Santa Clara County region, municipal bonds have contributed to the advancement and completion of many critical infrastructure projects. Local agencies such as ours use tax-exempt municipal bonds to advance projects that promote community well-being while also generating cost savings that benefit the people we serve.

Silicon Valley Clean Energy (SVCE) provides energy across thirteen Silicon Valley communities. SVCE uses municipal tax-exempt bonds to prepay energy contracts. SVCE's three prepay deals have realized at least a 10% discount on power projects, with annual savings of more than \$14 million. These savings are passed on to more than 700,000 residential and business customers through rate stability and maintaining a rate discount on electricity bills.

Additionally, **Midpeninsula Regional Open Space (Midpen)** preserves and protects 70,000 acres of open space containing 27 preserves and over 250 miles of trails that serve Santa Clara, San Mateo, and Santa Cruz Counties. Midpen's preserves provide a scenic backdrop to the region, offering visitors accessible places for hiking, biking, and horseback riding, close to home. In June 2014, voters approved Measure AA (MAA) for Midpen to seek a 30-year, \$300 million general obligation bond to protect natural and working lands; open preserve lands to the public; construct public access improvements such as new trails and parking/staging areas; and restore and enhance open space land, forests, streams, watersheds and coastal ranch areas. MAA is tied to an expenditure plan that includes 25 high-priority project portfolios identified through community input. To date, the utilization of the general obligation bond has protected nearly 10,000 acres of land and addressed 32 miles of trails across the region. In an era of rapid increase of costs, Midpen has been able to leverage nearly \$23 million in other funding, plus \$4 million in interest income from the bond proceeds to increase the total available MAA bond funding to \$327.1 million, further passing on savings to tax-payers.

The **City of Mountain View** intends to issue tax-exempt lease revenue bonds to help finance the replacement of the existing Police/Fire Administration Building which serves as the City's Emergency Operations Center (EOC). The building does not meet current seismic standards, and structural replacement is critical to ensure the EOC can operate in the event of a major disaster. Using municipal bonds, the **City of Sunnyvale's** City Hall is the first in the nation to be LEED Platinum certified and a Net Zero Energy facility. Additionally, many municipalities, including the **City of Morgan Hill**, have leveraged bonds to fund critical water and wastewater infrastructure upgrades and public improvement projects that benefit our community. As the thirteenth largest city in country, the **City of San José**, has utilized numerous revenue and general obligation bonds to invest in once-in-a-generation infrastructure projects such as upgrades to the City's airport, convention center, libraries, and parks, among many others.

The **County of Santa Clara** has issued \$1.6 billion in bonds for construction, acquisition, improvement, and seismic retrofitting. A majority of county bonds are for health-related services, as the County operates the second-largest public hospital system in California. Most notably, bonds are being leveraged so that the County can construct the first Santa Clara County-operated inpatient facility specifically for children and adolescents in need of behavioral health services. It will provide 77 beds, including 14 child beds, 21 adolescent beds, and 42 adult beds. Services will include emergency psychiatric, pharmacy, and operational and administrative space. Affordable housing is challenging to obtain in Silicon Valley, and in November 2018 voters approved Measure A, authorizing the County to issue up to \$950 million in general obligation bonds to acquire or improve real property for the purpose of providing affordable housing for vulnerable populations throughout the County. As of September 2024, through Measure A funds, over 6,000 affordable housing units have been committed for development throughout the County with nearly 2,300 units already complete and 2,700 units in construction or pre-construction.

The tax-exemption of municipal bond interest from federal income tax represents a partnership between the federal and local levels that benefit all households. Efforts to modify or eliminate the exemption will cause investors to seek higher interest rates, which results in increased costs to finance projects for local governments at a time when we are already facing budgetary constraints. Ultimately, rising costs will have a broad impact, as municipalities absorb these increases, placing an even greater burden on our communities that are already struggling with the high cost of living in this region.

We urge Congress to preserve the tax-exempt status of municipal bonds to ensure local agencies such as ours can continue to deliver essential services to our communities. This long-standing intergovernmental partnership supports critical local infrastructure without further burdening residents with higher costs.


Please contact David Campos from the County of Santa Clara at David.Campos@ceo.sccgov.org with any questions.


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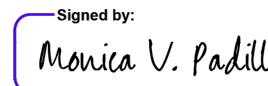
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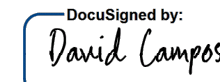
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David Campos
Deputy County Executive, County of Santa Clara

CC: Members, House Ways and Means Committee



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The Honorable Sam Liccardo
United States House of Representatives
1117 Longworth House Office Building
Washington, DC 20515

RE: PROTECTING TAX-EXEMPT MUNICIPAL BONDS

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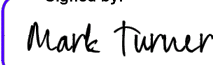
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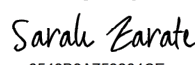
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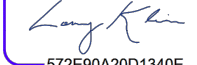
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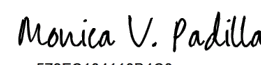
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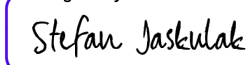
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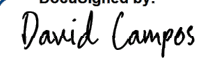
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Deputy County Executive, County of Santa Clara

CC: Members, House Ways and Means Committee



May 14, 2025

The Honorable Zoe Lofgren
United States House of Representatives
1401 Longworth House Office Building
Washington, DC 20515

RE: PROTECTING TAX-EXEMPT MUNICIPAL BONDS

Dear Congresswoman Lofgren,

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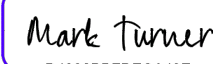
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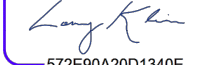
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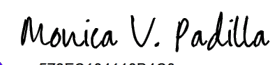
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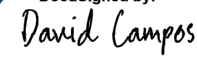
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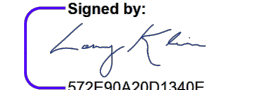
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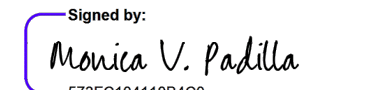
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