

Municipal Market Facts

STATE AND LOCAL GOVERNMENTS RELY ON MUNICIPAL SECURITIES TO FUND LOCAL PROJECTS

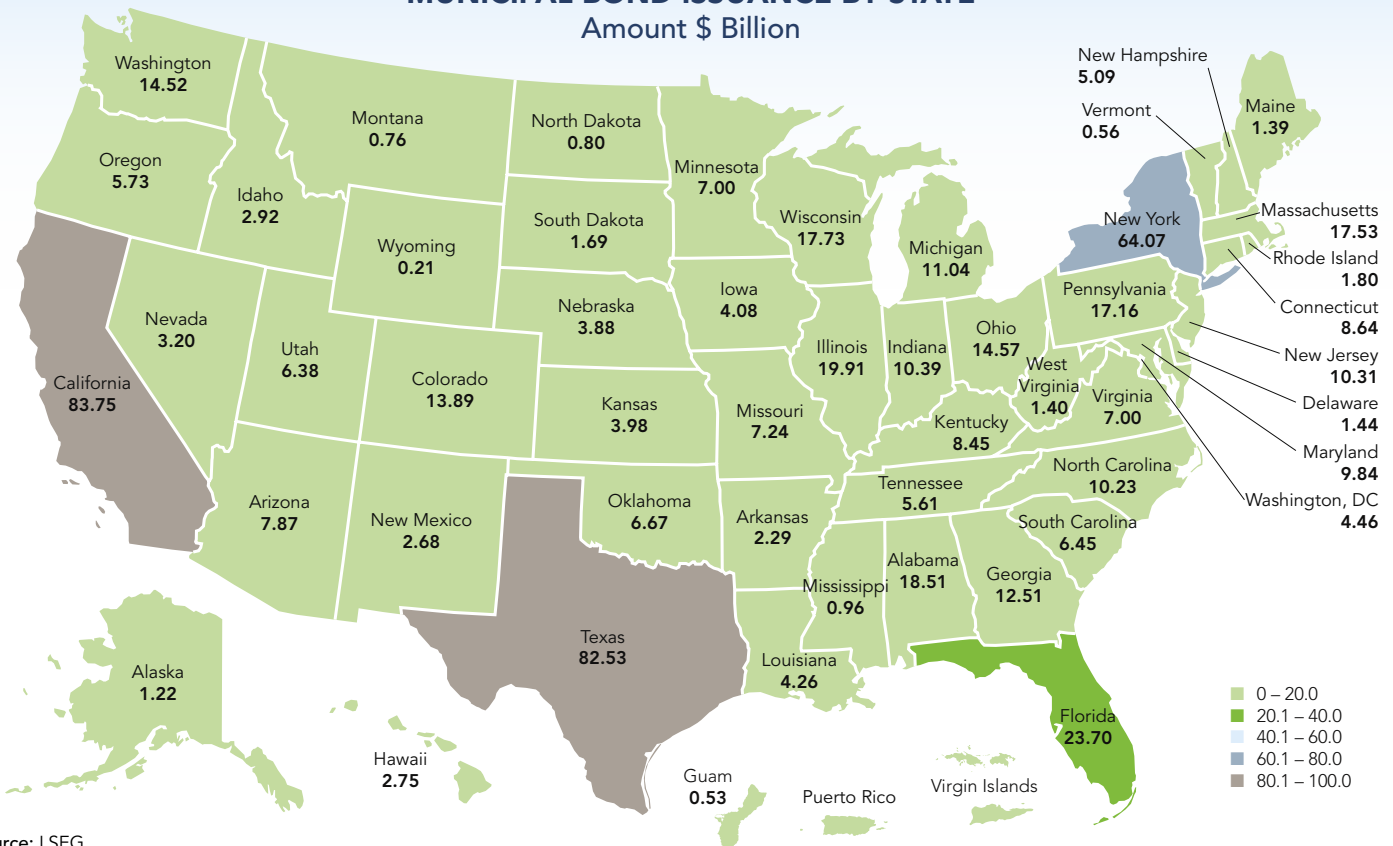


An estimated 50,000 state and local governments (and other issuing authorities) rely on municipal bonds to fund local projects, which provide essential services to local communities.



2025 had record bond issuance of \$582 billion, up 13% from previous record in 2024.

MUNICIPAL BOND ISSUANCE BY STATE Amount \$ Billion



Source: LSEG

Overall Bond
Issuance:

\$582 Billion

Tax-Exempt
Issuance:

\$525 Billion

Taxable
Issuance:

\$33 Billion

Issuance Subject to
Alternative Minimum Tax:

\$24 Billion

MUNICIPAL SECURITIES MAKE CRITICAL PROJECTS POSSIBLE ACROSS SECTORS

2025 Issuance by Sector

Use of Bond Proceeds	Tax-Exempt		Taxable	
	Amount (\$ Billion)	Percentage	Amount (\$ Billion)	Percentage
General Purpose/ Public Imp	\$120.1	23%	\$10.9	33%
Primary & Secondary Education	101.0	19%	1.7	5%
Water & Sewer Facilities	46.1	9%	0.6	2%
Higher Education	41.6	8%	2.9	9%
General Acute Care Hospital	35.9	7%	0.4	1%
Public Power	34.4	7%	0.4	1%
Toll Roads, Highways & Streets	23.1	4%	0.2	<1%
Single and Multi Family Housing	37.5	7%	12.1	36%
Mass Transportation	15.7	3%	0.1	<1%
Other Proceeds	69.4	13%	4.1	12%
Industry Total	\$524.9		\$33.3	

Source: LSEG

MUNICIPAL SECURITIES ARE ISSUED AT ALL LEVELS OF FUNDING

2025 Municipal Issues by Size

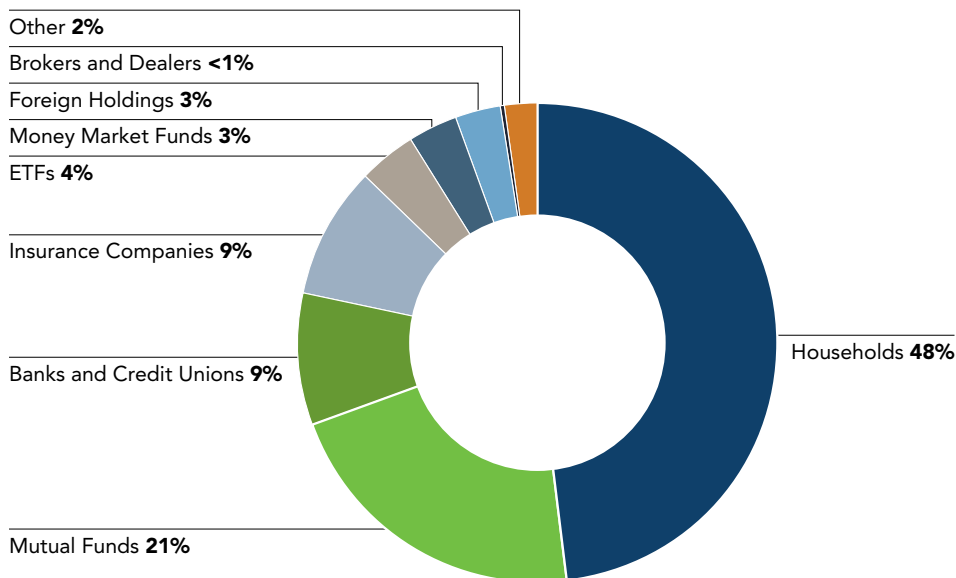
Bond Issue Size	Tax-Exempt		Taxable	
	Number of Issues	Percentage	Number of Issues	Percentage
\$5 Million or Less	2,099	24%	389	45%
>\$5 Million to \$25 Million	3,348	38%	206	24%
>\$25 Million to \$50 Million	1,326	15%	95	11%
>\$50 Million to \$100 Million	931	11%	79	9%
>\$100 Million to \$500 Million	985	11%	86	10%
>\$500 Million to \$1 Billion	124	1%	1	<1%
>\$1 Billion	41	<1%	2	<1%
Grand Total	8,854		858	

Source: LSEG

The loss of the tax exemption could make issuing municipal bonds cost prohibitive for small issuers. With the overwhelming majority of issuances being for small projects, a large swath of municipal bond issuers could lose access to the market.

AMERICAN INVESTORS RELY ON MUNICIPAL SECURITIES AS A RELATIVELY SAFE WAY TO SAVE

Holders of Municipal Bonds—As of September 2025



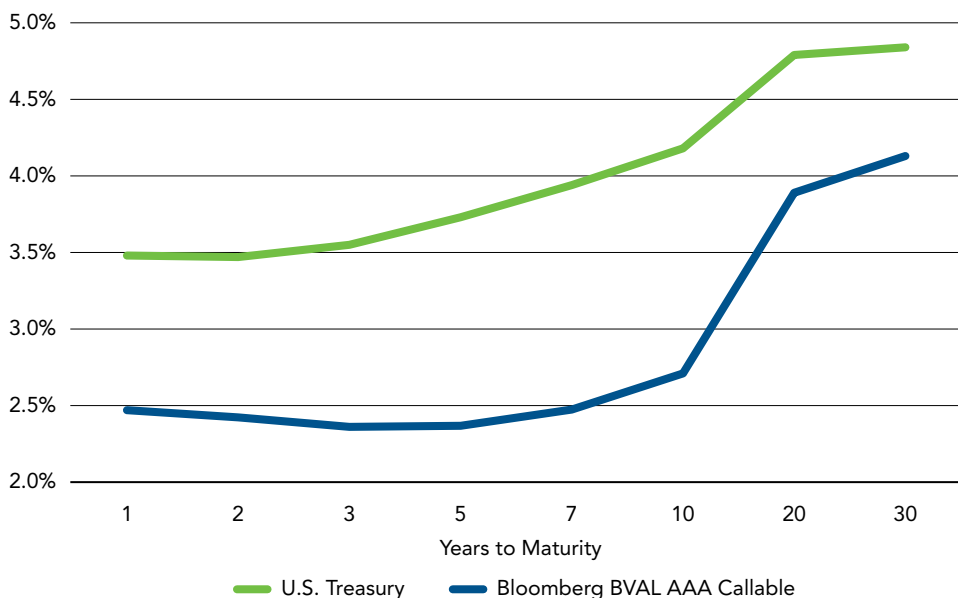
Individual investors are by far the largest holders of municipal bonds, holding nearly 70% of outstanding securities, 48% directly and approximately 21% through mutual funds.

Individual investors are drawn to municipal securities because of the tax exemption and their relative safety given historically low default rates.

Source: Financial Accounts of the United States, Board of Governors of the Federal Reserve System, January 2026

BENCHMARK TAX-EXEMPT AND TREASURY YIELDS

As of December 31, 2025



The tax exemption enables highly rated municipal issuers to issue debt at rates even lower than the Treasury market and allows municipalities to provide essential services and projects cost effectively.

Source: Bloomberg Finance L.P., U.S. Department of Treasury

ABOUT MSRB

The Municipal Securities Rulemaking Board (MSRB) was established by Congress in 1975 with the mission to protect investors, issuers and the public interest in a fair and efficient market. MSRB is a private, self-regulatory organization governed by an independent board of directors with market knowledge and expertise. MSRB does not receive federal appropriations and is funded primarily through fees paid by regulated entities. MSRB is overseen by Congress and the Securities and Exchange Commission.



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