

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Treasury Releases New Report on Build America Bonds Recovery Act Bonds Program Provides More Than \$90 Billion Nationally to Date, Estimated to Save State and Local Governments More Than \$12 Billion

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**WASHINGTON** – The U.S. Department of the Treasury today released a new report showing that the Build America Bonds program has resulted in significant savings in borrowing costs for state and local governments. The report finds that Build America Bond issuers will save more than \$12 billion in borrowing costs on bonds issued during the first year of the program as compared to issuing tax exempt debt. In addition, the Treasury Department today released its monthly comprehensive update on Build America Bonds issuances, showing more than \$90 billion have been issued through March 31, 2010.

"Build America Bonds continue to save money for state and local governments and enjoy broad support in the market," said Alan B. Krueger, Assistant Secretary for Economic Policy at the Treasury Department. "Expanding and making this program permanent, as the President proposed in the Budget, will further improve the long-term functioning of the municipal bonds market and create a more efficient and effective municipal finance sector."

The Build America Bonds program, created by the American Recovery and Reinvestment Act, allows state and local governments to obtain much-needed financing at lower borrowing costs for new capital projects such as construction of schools and hospitals, development of transportation infrastructure, and water and sewer upgrades. Under the Build America Bonds program, the Treasury Department makes a direct payment to the state or local governmental issuer in an amount equal to 35 percent of the interest payment on the bonds.

Build America Bonds have had a very strong reception from both issuers and investors. From the inception of the program in April 2009 to March 31, 2010, there have been 1,066 separate Build America Bonds issuances in 48 states for a total of more than \$90 billion. According to Treasury's report out today, for the \$90 billion of Build America Bonds issued, state and local governments will save \$12.3 billion in the net present value of borrowing costs compared with issuing traditional tax-exempt bonds. The report also shows the decline in the underwriting cost of issuing Build America Bonds to a level more closely aligned with traditional tax exempt bonds.

These findings provide evidence that President Obama's proposal to make the Build America Bonds program permanent would likely lead to continued savings on borrowing costs for state and local governments.

The full report can be viewed [here](#) .

The complete list of issuances organized by state is available [here](#) .

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