



**Government Finance Officers Association
Public Policy Statement**

Federal Assistance to the Municipal Bond Market

Background.

For more than a year, the municipal bond market has suffered from unprecedented disruption due to the turmoil in the financial industry, the downgrading of the major financial guarantors, the dislocation between the Treasury market and all other credit markets and the freezing of the credit markets. This disruption is not related to the soundness of the municipal securities themselves, or state and local governments. However, the disruption has caused difficulty for governments to access the market for new issuances or to restructure and refinance current debt.

GFOA Policy.

The Government Finance Officers Association (GFOA) supports legislative and regulatory efforts that are focused on extending direct assistance to help state and local governments better access the municipal securities market. These include measures that would provide clear authority to the federal government to enhance market access and liquidity for state and local government issuers. Additionally, the GFOA supports initiatives that create cost effective, widely available credit enhancement for the capital financing needs of state and local governments. As the federal government develops remedies for the municipal market, state and local governments need to be a partner in these discussions.

Approved by the GFOA membership, June 30, 2009.