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NEW HAMPSHIRE

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## United States Senate

WASHINGTON, DC 20510  
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January 29, 2014

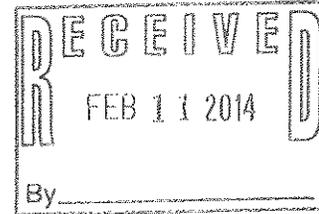
144 RUSSELL BUILDING  
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MANCHESTER, NH 03101

144 MAIN STREET  
NASHUA, NH 03060

14 MANCHESTER SQUARE, SUITE 140  
PORTSMOUTH, NH 03801

19 PLEASANT STREET, SUITE 13B  
BERLIN, NH 03570



Board of Selectmen  
Town of Allenstown  
16 School St  
Allenstown, NH 03275-1917

Dear Selectmen:

Thank you for contacting me regarding the tax deduction for interest associated with state and local government debt. I appreciate hearing from you.

As you know, interest income earned by purchasers of qualified state and local governmental bonds may be excluded from taxable income. This interest income is not taxed because the bond proceeds are generally used to finance public facilities that serve the public interest. Effectively, this tax exclusion is meant to subsidize the provision of state and local public services.

I understand your concerns about the impact changes in the current law for tax deductibility of municipal bond interest could have on state and local borrowing costs. While I am not on the Senate Finance Committee, which has jurisdiction over matters concerning tax policy, please be assured that I will very carefully review any relevant tax changes as the 113th Congress moves forward.

Again, thank you for taking the time to contact me. As your Senator, it is important for me to hear from you regarding the current issues affecting our nation. Please do not hesitate to be in touch again if I may be of any further assistance.

Sincerely,

  
Kelly A. Ayotte  
U. S. Senator

KAA/dmj