

For Immediate Release
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NAST Urges Supreme Court to Overturn Lower Court Decision in *Kentucky v. Davis*

Washington, D.C. – The National Association of State Treasurers (NAST), an organization that represents many of the most active issuers of public debt, submitted an amicus brief to the United States Supreme Court today, urging the Court to reverse a Kentucky Court of Appeals ruling that Kentucky’s tax on income derived from bonds issued by states other than Kentucky is unconstitutional.

“Accessibility and affordability of the capital markets is of great importance to the nation’s state treasurers,” said NAST President and Mississippi State Treasurer Tate Reeves. “The capital we raise in the municipal marketplace builds our schools, hospitals, roads, and other vital public projects. We submitted a brief in support of Kentucky because the Court of Appeals decision jeopardizes the settled expectations of our investors and, if not reversed, would substantially harm the citizens of our states and disrupt the entire municipal marketplace.”

NAST makes three principal arguments in its brief:

- State tax exemptions for in-state municipal bonds are a longstanding and widely-accepted exercise of sovereign authority. Before this decision by the Kentucky Court of Appeals, no court had ever held that these tax preferences are unconstitutional. Moreover, Congress knows that many states provide tax preferences for in-state municipal bonds. Furthermore, Congress has never acted to restrict the practice and has affirmatively approved interstate compacts that provided such preferences.

- Kentucky's tax exemption for in-state municipal bonds is constitutional because it treats all private businesses the same and thus does not discriminate against interstate commerce.
- Declaring state tax exemptions for in-state municipal bonds unconstitutional would harm state and municipal economies and weaken the bond market by defeating investors' expectations.

NAST believes that its brief, along with briefs submitted by other state and local government organizations and State Attorneys General, will buttress Kentucky's argument and persuade the Supreme Court to overturn the Kentucky Court of Appeals ruling.

NAST took the lead in supporting Kentucky in this case by filing an amicus brief in January, 2007, urging the Court to grant the Commonwealth's petition for a writ of certiorari.

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NAST encourages the highest ethical standards, promotes education and the exchange of ideas, builds professional relationships, develops standards of excellence and influences public policy for the benefit of the citizens of the states.