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Municipal Bonds & Climate Hearing
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Chairman Whitehouse, Ranking Member Grassley, and distinguished Members of the Committee: Thank you for inviting me here today.

My name is Megan Kilgore. This year marks my twentieth year in the public finance industry. For the last six years, I have had the privilege of serving as the elected City Auditor of the City of Columbus, Ohio. My office is responsible for debt issuance, capital planning and rating agency strategy, and investor relations. I am proud to say that we are the largest city in America to maintain the highest ratings possible — AAA/Aaa/AAA from S&P Global, Moody's Ratings, and Fitch Ratings, respectively.

Prior to my elected service, I worked as a municipal financial advisor, helping clients such as cities, counties, school districts, and community colleges determine how best to finance their infrastructure.

Any time we have a major initiative in our industry, local governments ask a number of good questions: why, how, what, when, and who will pay for it. In my conversations, the "why" has been fairly evident and local governments are becoming increasingly aware of the economic and societal risks of climate change.

The remaining questions are where I'd like to focus my time today, as my objective is to leave this Committee with solutions for increasing climate-oriented project financing and implementation — both mitigation and adaptation.

To date, of the hundreds and hundreds of bond issues I've worked on, I have not issued, nor have I advised that a client issue, bonds that are designated as "green", even if the projects could earn that designation. The primary reason for that is lack of definitive financial benefit.

I have also not found there to be any incentive from a rating agency standpoint — "green" debt is still considered debt, and carries no credit quality advantage. In other words, municipal debt that is financing a renewable energy project with sizable long-term economic benefit is on parity with a community pool. Our objectives are to get the best deal possible and maintain affordability for our residents, so in addition to traditional municipal debt, we also consider available federal funding.

The good news is that there are incredible levels of federal programs available today. The IRA, programs like WIFIA[1], TIFIA[2], rural-specific programs, and numbers of other acronyms exist, but we lack a user-friendly resource that wholly connects the dots. I can attest that even a large Triple-A like Columbus, with a deep bench of experts, has difficulty working through this complexity, let alone many of my former clients who lack financial and technical resources.

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[1] The United States Environmental Protection Agency's Water Infrastructure Finance and Innovation Act (WIFIA)
[2] The United States Department of Transportation's Transportation Infrastructure Finance and Innovation Act (TIFIA)

So, how do we get these necessary projects underway? I'd like to share opportunities I see that could eliminate barriers to local governments' participation in more climate-oriented projects.

1) **Provide clear financial incentives for both local governments and investors.** For instance, consider broadening the definition of municipal bond tax-exemption for projects that reach certain climate metrics and growing climate-related opportunities with Private Activity Bonds (PABs).

2) **Help local governments overcome human capacity barriers by creating a federal office to serve as the single point of knowledge.** There are over 50,000 local governments that issue debt, making it incredibly difficult to generate transformational change using a one-size-fits-all approach. I am inspired by how the websites *America is All In* and *Rewiring America* have done this by using technology to create highly personalized tools that estimate, for instance, how much money homeowners can save by employing clean technologies, which types of tax credits the homeowner is eligible for, and how to go about applying.

   Similar to President Eisenhower's Public Roads Administration, we need a one-stop-shop to help local governments with project analyses, regional design, implementation, as well as a place to collect, analyze, and communicate information regarding grant, loan, and financing sources and uses.

   Just imagine if such a single source of information was available to my small hometown on the Ohio River; a site where users could see their location-specific estimates of physical climate risk exposure, alongside potential economic loss, types of projects that would best benefit that area, and corresponding funding opportunities.

3) **Help smaller and lower-credit communities achieve total funding needs.** I saw a lot of success with the Super-BAB-type structure (the Recovery Zone Economic Development Bonds created by the American Recovery and Reinvestment Act of 2009). Such a reinvented program could help these local governments — especially those seeking last mile funding — use bonds to spread the costs of projects over a reasonable number of years, while keeping affordability in check.

The solutions I see are big, transformative, and require our federal government to take action at a scale commensurate with the opportunities before us. Please know that I stand ready to do what I can to support this effort. Thank you again for the opportunity to testify and I look forward to continued conversation.