

Sponsor *Brown/Kitchen*

RESOLUTION NO. 11-13

A RESOLUTION SETTING FORTH THE BENEFITS OF TAX EXEMPT BONDS AND OFFERING SUPPORT OF TAX EXEMPT BONDS AND DIRECTING THE CLERK OF THIS COUNCIL TO PROVIDE A COPY OF THIS RESOLUTION TO FEDERAL REPRESENTATIVES.

Whereas, tax-exempt bonds are the basic tool used by states, cities, counties, towns, universities, school districts, and other governmental entities to fund public purpose projects necessary to provide needed infrastructure and services; and

Whereas, municipal bonds are celebrating a century of success as essential financing mechanisms that have been exempt from federal taxation since 1913; and

Whereas, today, three-quarters of the infrastructure investment in the U.S. is financed by state and local government bonds, including roads, bridges, sewers, hospitals, libraries, schools, town halls, police stations, electric and gas infrastructure for public power utilities, and other government purpose investments made by state and local governments; and

Whereas, every year, on average, public power utilities nationwide make \$15 billion in new investments financed with municipal bonds for power generation, distribution, transmission, reliability, demand control, efficiency, and emissions controls – all of which are needed to deliver safe, affordable, and reliable electricity to customers; and

Whereas, the ability of these governmental entities to issue tax-exempt bonds so that they are attractive to investors is essential to the daily life of hundreds of millions of Americans; and

Whereas, pressure to reduce the federal budget deficit has resulted in an ongoing review by Congress and the Administration of nearly all federal tax and spending programs, including tax-exempt financing; and

Whereas, contrary to the perception that tax-exempt bonds only benefit high net-worth individuals, more than half of all municipal bond interest paid to individuals is earned by those with income of less than \$250,000.00; and

Whereas, proposals to tax the interest on municipal bonds for some taxpayers would also likely alter the ability of state and local governments to access cost-effective financing, jeopardizing essential infrastructure projects nationwide that would benefit all citizens, not just those in the higher-income brackets; and

Whereas, tax credit and direct payment bonds would offer a poor substitute for traditional tax-exempt financing because they lack certainty and do not generally appeal to traditional municipal bond investors, including those who participate in the market through mutual funds; and

Whereas, reductions in the availability of tax-exempt financing to municipal governments, or increases in their cost of issuing tax-exempt bonds, would impose significant fiscal injury on these local governments and seriously impair their ability to maintain essential safety and services for their citizens; and

Whereas, the loss of tax exempt financing would likely force local governments to significantly increase income taxes and utility rates, and therefore impose serious negative financial hardships on lower- and middle-class families in municipal electric communities.

Now, therefore, be it resolved, that the City of Jackson urges the Administration and the Congress of the United States to reject efforts to tax the interest on municipal bonds or otherwise alter the federal tax treatment or fundamental structure of municipal bonds.

Be it further resolved, that a copy of this resolution shall be sent to our U.S. congressional delegation and the Administration.

It is hereby found and determined that all formal actions of this Council relating to the adoption of this Resolution were adopted in an open meeting of this Council, and that the deliberations of this Council that resulted in such formal actions were in a meeting open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

PASSED AND ADOPTED by the Legislative Authority of the Political Subdivision on this 22nd day of April, 2013.


President of Council

ATTEST:


Clerk of the Legislative Authority

Approved this 22nd day of April, 2013.


Mayor