

R-37-12

Resolution for Preservation of Tax Exempt Financing

INTRODUCED BY MAYOR MERKES

Whereas, municipal bonds are the means by which state and local governments finance the critical infrastructure of our nation, including roads, bridges, hospitals, schools, and utility systems; and

Whereas, under current law the owners of municipal bonds are not required to pay federal income tax on the interest income they receive from the bonds; and

Whereas, this tax exemption is part of a more than century long system of reciprocal immunity under which owners of federal bonds are, in turn, not required to pay state and local income tax on the interest they receive from federal bonds; and

Whereas, this federal tax exemption provides a significant difference between public sector and private sector debt financing; and

Whereas; municipalities benefit from this tax exemption through substantial savings on the interest cost of borrowed money; and

Whereas; the benefit of lower capital costs attributable to tax exempt financing are passed on to property tax payers through reduced rates, greater local investments, or both; and

Whereas; from time to time Congress and the President have proposed legislation to tax – or alter the federal tax exemption of – interest on municipal bonds; and

Whereas, the League of Wisconsin Municipalities adopted a resolution at their 2012 Conference opposing any efforts by Congress or any future President to eliminate or limit the federal tax exemption on interest earned from municipal bonds.

Now, Therefore, Be It Resolved, that the City of Menasha Common Council with the Mayor concurring and Menasha Utilities opposes any efforts by Congress and any future, President to eliminate or limit the federal tax exemption on interest earned from municipal bonds.

Passed and approved this day of , 2012.

Donald Merkes, Mayor

Mark Allwardt, President of W&L Commission