

RESOLUTION NO. 017-13

**A RESOLUTION IN SUPPORT OF TAX-EXEMPT FINANCING;
AND DECLARING AN EMERGENCY**

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; 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 BY THE COUNCIL OF THE CITY OF NAPOLEON, OHIO:


Section 1. That, that the City of Napoleon 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 the fundamental structure of municipal bonds.

Section 2. That, it is found and determined that all formal actions of this City Council concerning and relating to the adoption of this Resolution were adopted in open meetings of this City Council, and that all deliberations of this City Council and any of its committees that resulted in such formal actions were in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code and the Codified Ordinances of Napoleon Ohio.

Section 3. That, if any other prior Ordinance or Resolution is found to be in conflict with this Resolution, then the provisions of this Resolution shall prevail. Further, if any portion of this Resolution is found to be invalid for any reason, such decision shall not affect the validity of the remaining portions of this Resolution or any part thereof.


Section 4. That, this Resolution is declared to be an emergency measure necessary for the immediate preservation of the public peace, health or safety of the City and its inhabitants, and for the further reason that this legislation must be in effect at the earliest possible time so that it can be sent to the Administration and Congress of the United States of America as soon as possible in an attempt to influence their stance on this issue which is necessary to assure public peace, health or safety; therefore, it shall be in full force and effect at the earliest time permitted by law.

Passed: April 1, 2013



Jeffrey Lankenau, Council President
Pro-Tem

Approved: April 1, 2013



Ronald A. Behm, Mayor

VOTE ON PASSAGE 5 Yea 0 Nay 0 Abstain

Attest:



Gregory J. Heath, Clerk/Finance Director

I, Gregory J. Heath, Clerk/Finance Director of the City of Napoleon, do hereby certify that the foregoing Resolution No. 017-13 was duly published in the Northwest Signal, a newspaper of general circulation in said City, on the _____ day of _____, _____; & I further certify the compliance with rules established in Chapter 103 of the Codified Ordinances Of Napoleon Ohio and the laws of the State of Ohio pertaining to Public Meetings.

Gregory J. Heath, Clerk/Finance Director