

CITY OF OBERLIN, OHIO

RESOLUTION No. R13- 03 CMS

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.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Oberlin, County of Lorain, State of Ohio, five-sevenths (5/7ths) of all members elected thereto concurring:

SECTION 1. The Council of the City of Oberlin 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.

SECTION 2. A copy of this resolution shall be sent to the City of Oberlin’s U.S. congressional delegation and the Administration.

SECTION 3. It is found and determined that all formal actions of this Council concerning or relating to the adoption of this Resolution were adopted in an open meeting of this Council and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code..

SECTION 4. That this Resolution is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health and safety of the citizens of the City of Oberlin, Ohio, or to provide for the usual daily operation of a municipal department, to wit:

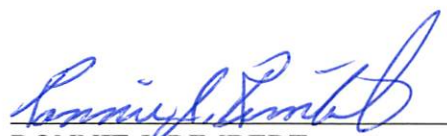
“to provide input into the Federal legislative process as soon as possible in order to ensure the President and members of Congress receive this recommendation in a timely manner,” and shall take effect immediately upon passage.

PASSED: 1st Reading – February 15th, 2013 (E)
2nd Reading –
3rd Reading –

ATTEST:



BELINDA B. ANDERSON, CMC
CLERK OF COUNCIL



RONNIE J. RIMBERT
PRESIDENT OF COUNCIL

POSTED: 04/16/2013

EFFECTIVE DATE: 04/15/2013