

RESOLUTION 2013 - 03

A RESOLUTION OPPOSING ELIMINTING OR LIMITING THE FEDERAL TAX EXEMPTION ON INTEREST EARNED FROM MUNICIPAL BONDS

WHEREAS, municipal bonds are the means by which state and local governments finance much of 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, the federal tax exempt status of state and local governments and school district provides a substantial savings on the cost of interest payments; 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, the federal government continues to seek solutions to resolve its propensity to spend beyond its means; 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

NOW, THEREFORE, BE IT RESOLVED, that the City of Sturgis opposes any efforts by any Congress and this, or any future, President to transfer its fiscal problems to states, counties municipalities and school districts by eliminating or limiting the federal tax exemption on interest earned from municipal bonds.

Dated this 22nd day of January, 2013.

CITY OF STURGIS

Mayor Mark Carstensen

ATTEST:

Fay Bueno
City Finance Officer

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