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3
4 CITY OF CUYAHOGA FALLS, OHIO

5
6 RESOLUTION NO. 3 - 2013
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9 A RESOLUTION URGING CONGRESS TO SUPPORT AND
10 MAINTAIN THE TAX-EXEMPT STATUS OF MUNICIPAL
11 BONDS UNDER THE INTERNAL REVENUE CODE, AND
12 DECLARING AN EMERGENCY.
13

14 WHEREAS, tax-exempt bonds are the basic tool used by states, cities, counties,
15 towns, universities, school districts, and other governmental entities to fund public
16 purpose projects necessary to provide needed infrastructure and services; and
17

18 WHEREAS, municipal bonds are celebrating a century of success as essential financing
19 mechanisms that have been exempt from federal taxation since 1913; and
20

21 WHEREAS, today, three-quarters of the infrastructure investment in the U.S. is
22 financed by state and local government bonds, including roads, bridges, sewers,
23 hospitals, libraries, schools, town halls, police stations, electric and gas infrastructure
24 for public power utilities, and other government purpose investments made by state
25 and local governments; and
26

27 WHEREAS, every year, on average, public power utilities nationwide make \$15
28 billion in new investments financed with municipal bonds for power generation,
29 distribution, transmission, reliability, demand control, efficiency, and emissions
30 controls – all of which are needed to deliver safe, affordable, and reliable electricity to
31 customers; and
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33 WHEREAS, the ability of these governmental entities to issue tax-exempt bonds so
34 that they are attractive to investors is essential to the daily life of hundreds of millions
35 of Americans; and
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37 WHEREAS, pressure to reduce the federal budget deficit has resulted in an ongoing
38 review by Congress and the Administration of nearly all federal tax and spending
39 programs, including tax-exempt financing; and
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41 WHEREAS, contrary to the perception that tax-exempt bonds only benefit high net-
42 worth individuals, more than half of all municipal bond interest paid to individuals is
43 earned by those with income of less than \$250,000; and
44

45 WHEREAS, proposals to tax the interest on municipal bonds for some taxpayers
46 would also likely alter the ability of state and local governments to access cost-
47 effective financing, jeopardizing essential infrastructure projects nationwide that
48 would benefit all citizens, not just those in the higher-income brackets; and
49

50 WHEREAS, tax credit and direct payment bonds would offer a poor substitute for
51 traditional tax-exempt financing because they lack certainty and do not generally
52 appeal to traditional municipal bond investors, including those who participate in the
53 market through mutual funds; and
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55 WHEREAS, reductions in the availability of tax-exempt financing to municipal
56 governments, or increases in their cost of issuing tax-exempt bonds, would impose
57 significant fiscal injury on these local governments and seriously impair their ability
58 to maintain essential safety and services for their citizens; and
59

60 WHEREAS, the loss of tax exempt financing would likely force local governments to
61 significantly increase income taxes and utility rates, and therefore impose serious negative
62 financial hardships on lower- and middle-class families in municipal electric communities,
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64 NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Cuyahoga Falls,
65 County of Summit and State of Ohio, that:
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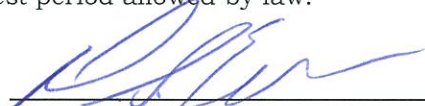
67 Section 1. This Council urges the Administration and the Congress of the
68 United States to reject efforts to tax the interest on municipal bonds or otherwise alter
69 the federal tax treatment or fundamental structure of municipal bonds.
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71 Section 2. The Clerk of Council is authorized and directed to send a certified copy of
72 this Resolution to United States Senator Rob Portman, United States Senator Sherrod
73 Brown, United States Representative Tim J. Ryan and United States Representative David
74 P. Joyce.
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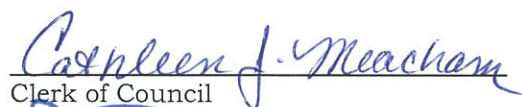
76 Section 3. It is found and determined that all formal actions of this Council
77 concerning and relating to the adoption of this resolution were adopted in an open meeting
78 of this Council and that all deliberations of this Council and of any of its committees that
79 resulted in such formal action were in meetings open to the public, in compliance with all
80 legal requirements, to the extent applicable, including Chapter 107 of the Codified
81 Ordinances.
82

83 Section 4. This resolution is hereby declared to be an emergency measure
84 necessary for the preservation of the public peace, health, safety, convenience and welfare
85 of the City of Cuyahoga Falls and the inhabitants thereof, and provided it received the
86 affirmative vote of two-thirds of the members elected or appointed to Council, it shall take
87 effect and be in force immediately upon its passage and approval by the Mayor; otherwise it
88 shall take effect and be in force at the earliest period allowed by law.
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91 Passed: 4-22-13



President of Council



Catherine J. Meacham
Clerk of Council

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99 Approved: 4/23/13



Mayor

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101
102 4/8/13

103 O:\2013ords\Tax Exempt Financing reso in support