



## City of North Port

### RESOLUTION NO. 2017-R-14

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF NORTH PORT, FLORIDA, OPPOSING ANY EFFORT TO REDUCE OR REPEAL THE FEDERAL TAX EXEMPTION ON INTEREST EARNED FROM MUNICIPAL BONDS; AUTHORIZING THE MAYOR TO EXECUTE A LETTER IN SUPPORT OF MAINTAINING THE PRESENT TAX EXEMPT STATUS OF MUNICIPAL BONDS; AUTHORIZING THE DELIVERY OF THIS RESOLUTION AND LETTER TO THE FLORIDA DELEGATION TO CONGRESS AND TO SENATORS NELSON AND RUBIO; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, interest earned from state or municipal bonds is wholly exempt from federal taxation pursuant to the Section 103 of the code.

WHEREAS, for more than a century, states and local governments have depended on this reliable and efficient means of financing; and

WHEREAS, nearly two-thirds of core infrastructure investments in the United States are financed with municipal bonds; and

WHEREAS, in 2016 alone, more than \$440 billion in municipal bonds were issued to finance the projects that touch the daily lives of every American citizen and business consisting of roads we drive on, schools for our children, affordable family housing, water systems that supply safe drinking water, courthouses, hospitals and clinics to treat the sick, airports and ports that help move products domestically and overseas, and, in some cases, the utility plants that power our homes, businesses and factories and are known as pro-growth investments which spur job creation, help our economies grow, and strengthen our communities; and

WHEREAS, a combination of local control and local responsibility makes municipal bonds an incredibly effective and efficient tool; and

WHEREAS, voters throughout the country overwhelmingly support tax-exempt municipal bonds, which are either approved by locally-elected officials or directly through bond referenda; and

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WHEREAS, federal tax exemption reduces the cost of issuing municipal bonds; and

WHEREAS, the City of North Port issued tax-exempt municipal bonds in 2013 to upgrade and rehabilitate its roadway system; and

WHEREAS, the City of North Port prides itself in maintaining quality infrastructure while limiting the tax burden on the citizens; and

WHEREAS, Congress and the President have proposed legislation to reduce or repeal the tax exemption on municipal bonds; and

WHEREAS, these proposals to reduce or repeal the tax exemption would have severely detrimental impacts on national infrastructure development and the municipal market, resulting in either fewer resources available to finance these projects, or, increased costs which will be passed on to the public through higher taxes and/or fees; and

WHEREAS, it is vital to maintain the present tax exempt status on local government bond debt and the ability of local governments to maximize investment on local infrastructure to serve the public and contribute to the local economies; and

WHEREAS, the average difference between tax exempt interest rates and taxable interest rates is 84 Basis Points, or \$2.7 million in additional costs on a \$25 million issue over 20 years for an average AA rated community; and

WHEREAS, the increased cost of issuance of bonds for infrastructure improvements will be borne by the local constituents of the entity issuing the bonds

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF NORTH PORT, FLORIDA, AS FOLLOWS:

SECTION 1 The foregoing "WHEREAS" clauses are confirmed and ratified as being true and correct and are hereby incorporated herein.

SECTION 2 The City of North Port opposes any effort by Congress or the President to reduce or repeal the federal tax exemption on interest earned from municipal bonds.

SECTION 3 The Mayor of the City of North Port is hereby authorized to execute a letter in support of maintaining the current tax exempt status of municipal bonds.

SECTION 4 Copies of this Resolution and the accompanying letter shall be sent to each member of the Florida Delegation and to Senators Nelson and Rubio.

SECTION 5 All resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 6 If any clause, section, other part or application of this Resolution is held by any court of competent jurisdiction to be unconstitutional or invalid, in part or application, it shall not affect the validity of the remaining portions or applications of this Resolution.

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SECTION 7 This Resolution shall become effective immediately upon its passage and adoption.

PASSED AND DULY ADOPTED by the City Commission of the City of North Port, Florida this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

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LINDA M. YATES,  
MAYOR

ATTEST:

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PATSY ADKINS, MMC  
CITY CLERK

Approved as to form and correctness:

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MARK MORIARTY  
CITY ATTORNEY