

DRAFT

The Honorable _____

As Congress considers tax reform and infrastructure financing, I, the undersigned mayor of the City of North Port, write to express the City's strong support for an already potent tool already in hand – the tax-exempt municipal bond. For more than a century, states and local governments have depended on this reliable and efficient means of financing.

Nearly two-thirds of core infrastructure investments in the United States are financed with municipal bonds. 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. They are the 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. These are the pro-growth investments which spur job creation, help our economies grow, and strengthen our communities.

A combination of local control and local responsibility makes municipal bonds an incredibly effective and efficient tool. Voters throughout the country overwhelmingly support tax-exempt municipal bonds, which are either approved by locally-elected officials or directly through bond referenda – fiscal federalism at its finest. This must help explain why the default rate is less than 0.01%. Federal tax exemption reduces the cost of issuing municipal bonds, but it is these voters who will pay the interest and principal on this debt. As a result, over the last decade overall state and local borrowing has actually declined in proportion to the economy, while still financing more than \$2 trillion in new infrastructure investments. And, if simply left alone, municipal bonds likely will finance another \$3 trillion in new infrastructure investments by 2026.

Most recently in 2013, the City of North Port issued tax-exempt municipal bonds to renovate and rehabilitate its roadway system. The City has used tax exempt bonding to construct critical infrastructure and water and sewer systems. The City of North Port prides itself in maintaining quality infrastructure while limiting the tax burden on the citizens. A reduction or elimination of the tax-exempt status on municipal debt will result in either fewer resources available to finance these projects, or increased costs which will be passed on to the public through higher taxes.

I ask that you support the maintenance of the present tax exempt status on municipal bond debt and the ability of local governments to maximize investment on local infrastructure to serve the public and contribute to the local economies.

Should you, or any member of your staff, have any questions or require additional information, please do not hesitate to contact me, or Interim City Manager, Peter D. Lear.