

CITY OF SEGUIN

RESOLUTION NO. \_\_\_\_\_

STATE OF TEXAS

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEGUIN, TEXAS  
OPPOSING A REDUCTION OR ELIMINATION OF THE FEDERAL TAX  
EXEMPTION ON MUNICIPAL BOND INTEREST.**

**WHEREAS**, throughout the country municipalities perform a wide variety of services that effect the vast majority of citizens; and

**WHEREAS**, these services include operation of electric, water, sewer, and drainage operations that require, from time to time, large expenditures of funds to maintain and expand this infrastructure; and

**WHEREAS**, a fundamental principle of tax-exempt financing is the ability of local governments to determine the services needed in their respective communities and to raise capital to provide those services free from federal tax on the bonds used; and

**WHEREAS**, the exclusion of interest on state and local obligations from federal gross income is an important financing tool in a time where job creation and rebuilding critical infrastructure is critical to our nation's state and local economies; and

**WHEREAS**, the federal tax exemption on municipal bond interest has been in place since the first federal income tax was enacted in 1913, and as a result, state and local governments save, on average, two percentage points on their borrowing to finance investment in public infrastructure; and

**WHEREAS**, this exemption has generated trillions of dollars of investment in public infrastructure and saved taxpayers hundreds of billions in interest costs; and

**WHEREAS**, the outcome of reducing or eliminating the tax exemption of municipal bond interest would be higher borrowing costs for state and local governments, less investment in infrastructure and fewer jobs.

**NOW THEREFORE BE IT RESOLVED** by the City Council of Seguin, Texas:

**PART ONE.** The City of Seguin opposes any efforts by Congress and this, or any future, President to eliminate or limit the federal tax exemption on interest earned from municipal bonds.

**PART TWO.** A copy of this Resolution shall be sent to our Congressional Representatives.

**PASSED, APPROVED AND ADOPTED** this 7<sup>th</sup> day of April 2015.

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**DON KEIL  
MAYOR**

**ATTEST:**

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**Thalia Stautzenberger  
City Secretary**