OFFICIAL FILE COPY
CLERK OF THE BOARD
OF COUNTY COMMISSIONERS
MIAMI-DADE COUNTY, FLORIDA

MEMORANDUM

Agenda Item No. 11(A)(22)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: September 4, 2013

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Resolution opposing legislation before Congress that reduces or eliminates the tax-exemption on interest for state and local government bonds
Resolution No. R-714-13

The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Chairwoman Rebeca Sosa.

R.A. Cuevas, Jr.
County Attorney

RAC/cp

MEMORANDUM
(Revised)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: September 4, 2013

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Agenda Item No. 11(A)(22)

Please note any items checked.

_____ **"3-Day Rule" for committees applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

_____ **Ordinance creating a new board requires detailed County Mayor's report for public hearing**

✓ **No committee review**

_____ **Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous _____) to approve**

_____ **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 11(A)(22)
9-4-13

RESOLUTION NO. R-714-13

RESOLUTION OPPOSING LEGISLATION BEFORE CONGRESS THAT REDUCES OR ELIMINATES THE TAX-EXEMPTION ON INTEREST FOR STATE AND LOCAL GOVERNMENT BONDS

WHEREAS, the tax exempt bond market is the means by which state and local governments finance the critical infrastructure of our nation, including roads, bridges, hospitals, utilities and schools; and

WHEREAS, under current law, owners of state and local government bonds are not required to pay federal income tax on the interest income they receive for purchasing the bonds; and

WHEREAS, state and local governments benefit from this tax exemption on interest through substantial savings on the interest cost of borrowed money; and

WHEREAS, the benefit of lower capital costs attributable to tax exempt financing is passed on to local taxpayers through reduced rates such as utility charges and real estate taxes or greater local investment in infrastructure and services or both; and

WHEREAS, access to the tax exempt bond market has enabled state and local governments to finance more than $1.65 trillion in infrastructure investment over the last decade; and

WHEREAS, 72.4 percent of the total outstanding state and local government bonds is held by individual investors, either directly or through mutual funds and money market funds, according to Thomson Reuters; and

WHEREAS, Congress and the President have discussed proposals to reduce or repeal the federal income tax exemption on state and local government, bonds as a means to reduce the federal deficit; and

WHEREAS, proposals to reduce the benefits from, or repeal altogether, the tax exemption on the interest earned from state and local government bonds would have significant negative impacts on national infrastructure development by raising the costs for such development that is passed on to state and local borrowers and on the government bond market by eliminating a significant incentive for investment in government bonds by investors; and

WHEREAS, if the proposal to cap the tax exemption on state and local government bonds at 28 percent from the current 35 percent had been in place over the last 10 years, it would have cost state and local governments an additional $173 billion in interest costs; and

WHEREAS, complete repeal of the tax exemption on state and local government bonds over the last decade would have cost state and local governments over $495 billion in additional interest costs; and

WHEREAS, federal income tax exemption for state and local government bonds has a long history of success and continues to finance the majority of our nation's infrastructure needs for state and local governments of all sizes,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that:

Section 1. This Board opposes, and urges Congress not to pass, legislation that would result in the reduction or elimination of the tax exemption on interest earned from state and local government bonds.

Section 2. The Clerk of the Board shall transmit a certified copy of this resolution to the members of the Florida Congressional Delegation.

Section 3. The County's federal lobbyists shall advocate for the actions set forth in Sections 1 above. The Office of Intergovernmental Affairs is authorized and directed to include this item in the 2014 Federal Legislative Package when it is presented to the Board.

The Prime Sponsor of the foregoing resolution is Chairwoman Rebeca Sosa. It was offered by Commissioner **Dennis C. Moss**, who moved its adoption. The motion was seconded by Commissioner **Sally A. Heyman** and upon being put to a vote, the vote was as follows:

Rebeca Sosa, Chairwoman	**aye**		
Lynda Bell, Vice Chair	**aye**		
Bruno A. Barreiro	**aye**	Esteban L. Bovo, Jr.	**aye**
Jose "Pepe" Diaz	**absent**	Audrey M. Edmonson	**absent**
Sally A. Heyman	**aye**	Barbara J. Jordan	**aye**
Jean Monestime	**aye**	Dennis C. Moss	**aye**
Sen. Javier D. Souto	**absent**	Xavier L. Suarez	**absent**
Juan C. Zapata	**aye**		

The Chairperson thereupon declared the resolution duly passed and adopted this 4th day of September, 2013. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: Christopher Agrippa
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Jess M. McCarty