

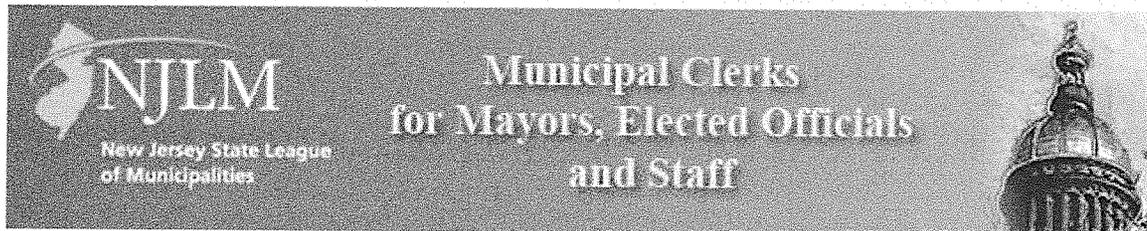
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Masser, Michelle

From: Lashway, Lisa
Sent: Monday, March 18, 2013 1:27 PM
To: Canning, Sean
Cc: Masser, Michelle
Subject: FW: Tax Exempt Financing Threatened – Urgent Action Needed

Lisa Lashway
Mt. Olive Twp. Clerk
973-691-0900 Ext. 7291
FAX 973-691-2080
PO Box 450
Budd Lake, NJ 07828

From: NJLM to Municipal Officials [mailto:njlm-clerks@njslom.org]
Sent: Monday, March 18, 2013 11:05 AM
To: Lashway, Lisa
Subject: Tax Exempt Financing Threatened – Urgent Action Needed



Washington Watch Advisory

March 18, 2013

RE: Tax Exempt Financing Threatened - Urgent Action Needed

Dear Mayor:

Tomorrow in Washington, the House Ways and Means Committee will hold a hearing on federal tax provisions that affect local governments, including the IRS tax exemption for municipal bonds. As noted in our December 13, 2012 letter (<http://www.njslom.org/letters/2012-1213-fiscal-cliff.html>), if the exemption is removed or limited local governments will need to offer higher rates of return. They will, then, find it more expensive to invest in the building or rebuilding of roads, bridges, schools, libraries, water and sewer facilities, fire stations and other projects meant to meet the needs of families and businesses. This will force New Jersey municipalities to either raise property taxes to cover the increased interest, or to forego the needed investments. In addition, this week, the Senate will take up a budget resolution that contains language that could support either a 28 percent cap (as proposed by the Administration) or total elimination (as proposed by the Simpson-Bowles Commission) of tax-exempt financing.

Please call your Members of Congress and:

- **Ask your Representative** to co-sponsor House Resolution 112, which former local elected officials, Representatives Lee Terry (R-NE) and Richard Neal (D-MA) introduced last Thursday. Commemorating the 100-year precedent of the federal tax exemption of municipal bonds, the resolution reinforces the importance of these bonds to municipalities across the country.
- **Ask our Senators** to speak out during floor debate on the budget resolution in support of tax-exempt financing and to oppose any changes to this tool that would increase costs to taxpayers or decrease infrastructure investment.

The National League of Cities has issued a report that shows that if the 28 percent cap had been in place over the last decade, it would have cost state and local governments an additional \$173 billion in interest expenses; and if the exemption had been fully eliminated it would have cost them \$495 billion over that same time.

Tax-exempt bonds have been in place for 100 years. This system of financing is a great example of how the partnership between the federal, state and local government should work. It has proven to be a low-cost efficient way for local governments to finance schools, hospitals, roads, water and sewage systems, transit systems and other critical infrastructure.

Please contact Senators Lautenberg and Menendez and your Congressman and urge them to oppose any effort to eliminate or limit the ability of municipalities to issue tax exempt bonds.

Very truly yours,

Hon. Janice S. Mironov
President, New Jersey League of Municipalities

Mayor, East Windsor Township

*If you would like to be removed from receiving faxed advisories please contact Shirley Cade at scade@njslom.com or 609-695-3481 ext. 114 with the name of your municipality and fax number. Thank you.

Please be advised that the information you receive is not legal advice. You must consult your town attorney to make sure that any of the material you receive is in accordance with current state law and your particular facts and situation.

Please be advised that the New Jersey State League of Municipalities is subject to the New Jersey Open Public Records Act. As such, any email sent or received by the League may be subject to a records request.

New Jersey League of Municipalities
222 West State Street, Trenton, NJ 08608
609-695-3481
<http://www.njslom.org>

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