

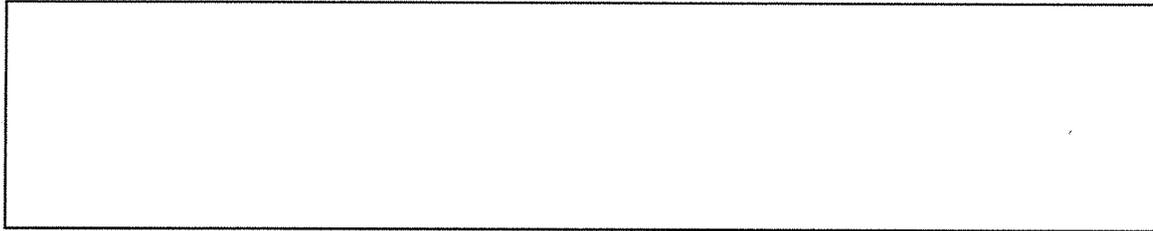
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Susan Gouveia

From: Lashway, Lisa
Sent: Friday, May 31, 2013 3:03 PM
To: Canning, Sean; Susan Gouveia
Subject: FW: Urge Your Congressman to Support Effort to Protect Tax Exempt Municipal Bonds

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

From: NJLM to Municipal Officials [mailto:njlm-clerks@njslom.org]
Sent: Friday, May 31, 2013 3:02 PM
To: Lashway, Lisa
Subject: Urge Your Congressman to Support Effort to Protect Tax Exempt Municipal Bonds



Mayors Advisory

May 31, 2013

**RE: Urge Your Congressman to Support Effort to Protect Tax Exempt
Municipal Bonds**

Dear Mayor:

Please contact your Congressman on this important matter.

The President's budget proposal includes a cap on the tax exemption of interest earned on municipal bonds. The proposal would 'cap' the tax exemption at 28% of the total of interest earned. An investor would pay taxes on 62% of her or his interest earnings. It is estimated that, if this had been in place over the last 10 years, \$173 billion would have been added nationwide to local borrowing costs.

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.

The real and ultimate beneficiaries of this tax exemption are municipalities and their residents. If the exemption is removed or limited, local governments and residents will be adversely impacted. We will need to offer higher rates of return resulting in greater expenses 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.

If any limits are imposed on this common sense way to keep taxes lower, while producing work for local businesses and jobs for our citizens, and modernizing critical infrastructure, the costs of these projects will increase and property taxes will rise.

Kindly ask your Congressman to co-sponsor House Resolution 112, which is co-sponsored by former local elected officials, Representatives Lee Terry (R-NE) and Richard Neal (D-MA). 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. To date, Congressman Bill Pascrell is the only New Jersey Representative who is a co-sponsor. We thank him for his position and leadership.

We have also learned that Representatives C.A. "Dutch" Ruppersberger (D-MD) and Randy Hultgren (R-IL) have recently circulated a "Dear Colleague" letter to all House members, asking for their support on This issue. They aim to urge Speaker John Boehner (R-OH) and Minority Leader Nancy Pelosi (D-CA) to reject any proposal limiting the value of the tax-exemption for municipal bonds.

It is important that you reach out and ask your Congressman to endorse that letter and to sign on to House Resolution 112. Thank you for your anticipated assistance on this significant municipal issue.

Very truly yours,

Janice S. Mironov, President,
New Jersey League of Municipalities,
Mayor, East Windsor Township

PLEASE NOTE: As of May 15, 2013 we will no longer fax our Membership Advisories unless you specifically request it. Please contact Shirley Cade at scade@njslom.com or 609-695-3481 ext. 114 ONLY if you choose to continue having our Advisories faxed to your Municipality.

NJLM Advisories are posted daily on our website at www.njslom.org as well as emailed to our clerks list. If you have not registered to be on our clerks email list you can do so through our website or contact Shirley Cade.

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
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