

# ALGER COUNTY BOARD OF COMMISSIONERS

Mary Ann Froberg, Clerk  
101 COURT STREET, MUNISING, MI 49862

## RESOLUTION #2013-08

### STATE OF MICHIGAN

**WHEREAS**, for more than 200 years, municipal bonds have allowed state and local governments in the United States to make the investments necessary to provide for their communities' well-being, growth, and economic development. In a series of cases in the 1800's the United States Supreme Court determined that these bond issuances were a constitutionally protected exercise of governmental authority, and that the federal government could not tax state and local bonds. As a result, when the federal income tax was enacted in 1913, it excluded from income the interest earned by investors in municipal bonds; and

**WHEREAS**, due in substantial part to their tax-exempt status, municipal bonds are an important tool in the United States for financing investments in schools, roads, water and sewer systems, airports, bridges and other vital infrastructure. State and local governments financed more than \$1.65 trillion of infrastructure investments over the last decade (2003-2012) through the tax-exempt bond market. During that decade, \$514 billion of primary and secondary schools were built with financing from tax exempt bonds; nearly \$288 billion of financing went to general acute care hospitals; nearly \$258 billion to water and sewer facilities; nearly \$178 billion to roads, highways, and streets; nearly \$147 billion to public power projects; and \$105.6 billion to public transit. These categories represent 90 percent of the total amount of municipal bonds used to finance infrastructure between 2003 and 2012. In 2012 alone, more than 6,600 tax-exempt municipal bond issues were made, financing over \$179 billion worth of infrastructure projects; and

**WHEREAS**, tax-exempt financing encourages states and local governments to independently determine the infrastructure and services needed in their respective states and localities, and to raise the capital necessary to provide the infrastructure and services, free from federal tax on the interest paid on such bonds; and

**WHEREAS**, the exclusion of interest on state and local obligations from federal gross income provides important financing opportunities for the State of Michigan, at a time where job creation and rebuilding infrastructure are critical to residents, and to those local governments still recovering from the effects of unemployment and recession; and

**WHEREAS**, members of the current Administration, members of the United States Congress, and certain policy advisors have recently advocated the elimination of, or limitations upon, the use of tax-exempt bonds by state and local governments, and/or have proposed to change or eliminate the ability of investors in tax-exempt bonds to claim the tax exemption on interest earned from these instruments; and

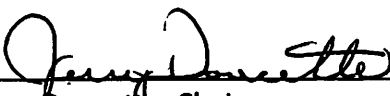
**WHEREAS**, in response to and anticipation of such proposals, Representative Lee Terry (R., Nebraska) and Representative Richard E. Neal (D., Massachusetts) have co-sponsored House Resolution 112 (attached), celebrating the importance and merit of tax exempt municipal bonding, and affirming the support of the United States Congress for this critical financial tool;

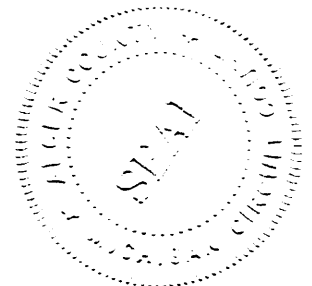
**NOW THEREFORE BE IT RESOLVED**, that the Alger County Board of Commissioners opposes any and all efforts by the current Administration and the United States Congress to eliminate, limit, or impair the use of tax-exempt bonds by state and local governments, or to eliminate, limit or impair the ability of investors in such bonds to claim the tax exemption on interest earned from these instruments; and

**BE IT FURTHER**; that the Alger County Board of Commissioners supports the immediate passage of HR 112, celebrating and re-affirming the historic support of the United States Congress for tax exempt municipal bonds; and

**BE IT FURTHER RESOLVED**; that the Alger County Clerk/Register be asked and directed to send copies of this Resolution to President Barack Obama, Senator Carl Levin, Senator Debbie Stabenow, Governor Rick Snyder, Congressman Dan Benishek, Senator Tom Casperson, State Representative John Kivela, the National Association of Counties (NACO), and the Michigan Association of Counties (MAC).

Dated: May 20, 2013

  
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Jerry Doucette, Chairman  
Alger County Board of Commissioners



113TH CONGRESS  
1ST SESSION

# H. RES. 112

Celebrating the history of municipal bonds, the 100-year precedent of the Federal tax exemption for municipal bond interest, and the important contribution municipal bonds have made to economic growth and wellbeing in each State and municipality in our great Nation.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 2013

Mr. TERRY (for himself and Mr. NEAL) submitted the following resolution;  
which was referred to the Committee on Ways and Means

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## RESOLUTION

Celebrating the history of municipal bonds, the 100-year precedent of the Federal tax exemption for municipal bond interest, and the important contribution municipal bonds have made to economic growth and wellbeing in each State and municipality in our great Nation.

Whereas in the 200 years since the first recorded municipal bond was issued by the City of New York to build a canal, municipal bonds have helped build a strong economy and provide for the health and welfare of our citizenry;

Whereas three-quarters of all infrastructure investments made in the United States are financed by municipal bonds;

Whereas municipal bonds finance infrastructure projects that touch the daily lives of every American citizen and business—roads we drive on, schools and education 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 utility plants that power our homes, businesses, and factories;

Whereas interest on municipal bonds is exempt from Federal taxation as part of the principle of reciprocal immunity under which the Federal Government is exempt from State and local taxation and State and local governments are exempt from Federal taxation;

Whereas the Federal Revenue Act of 1913 codified this principle as part of the Federal income tax by exempting from income tax the interest on municipal bonds;

Whereas exempting municipal bond interest from Federal taxation reduces the cost of infrastructure financing by State and local governments;

Whereas reduced infrastructure costs for State and local governments allow for greater infrastructure investments and savings passed directly to taxpayers and ratepayers in the form of reduced taxes and fees;

Whereas, because of critical infrastructure needs, it is estimated that in 2013, \$300 billion of municipal bonds will be issued;

Whereas keeping infrastructure costs low is critical for job creation and rebuilding infrastructure is crucial to our Nation's State and local economies, including power generation, distribution, and transmission;

Whereas the ability of municipal bonds and the 100-year precedent of the Federal income tax exemption for municipal bonds provides State and local governments timely access to cost-effective capital; and

Whereas the Federal tax exemption for municipal bond interest is a cost-effective financing vehicle available to State and local governments: Now, therefore, be it

1       *Resolved*, That the House of Representatives—

2               (1) celebrates the history of municipal bonds;

3               (2) celebrates the 100-year precedent of the  
4       Federal tax exemption for municipal bond interest;

5       and

6               (3) celebrates the important contribution mu-  
7       nicipal bonds have made to the economic growth and  
8       wellbeing in each State and municipality in our  
9       great Nation.

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STATE OF MICHIGAN)  
County of Alger )

I, Mary Ann Froberg, Clerk of the County of Alger and of the County Board of Commissioners, do hereby certify that the foregoing is a true and complete copy of the resolution adopted by the Board at a regular meeting on May 20, 2013.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the County of Alger, this May 31, 2013 at Munising, Michigan.



Mary Ann Froberg  
Mary Ann Froberg, Clerk