

RESOLUTION NO. R88-10 CMS

NON-TAXABLE FINANCING FOR
STATE AND LOCAL GOVERNMENTS

WHEREAS, the federal, state, and local governments all share in the responsibility of building and maintaining the nation's physical and institutional infrastructure and in providing essential services needed to promote the general welfare, and

WHEREAS, the federal government has steadily reduced its responsibility for infrastructure requirements, and has shifted more and more financial responsibility to states and units of local government, and

WHEREAS, financing state and local government public projects through the issuance of bonds the interest on which is not taxed by the government is critical to allow states and local governments to exercise the responsibilities entrusted to and expected of them, and

WHEREAS, in recent years, the U.S. Congress has limited the use of non-taxable bonds by states and local governments, thereby driving up the cost of financing public service projects and making municipal bonds less attractive to significant groups of purchasers, and

WHEREAS, in 1988 the U.S. Supreme Court overturned a 100 year-old precedent, ruling for the first time that the Constitution does not prohibit the federal government from taxing the interest on state and local government bonds, and

WHEREAS, the Supreme Court decision places in jeopardy the use of non-taxable bonds by the more than 85,000 units of local government, as Congress seeks new sources of revenue to reduce the federal deficit, and

WHEREAS, further restrictions on the use of non-taxable bonds for legitimate public purpose will seriously impair the ability of local governments to finance essential services, including electricity, water, sewer, transit and other basic functions, to the detriment of all citizens.

NOW, THEREFORE, BE IT RESOLVED:

SECTION 1. That the City Council of the City of Oberlin calls upon Congress and the executive branch to recognize that the local burden of maintaining and expanding the national infrastructure and providing citizens with needed basic services cannot be met without non-taxable bonds, and to resist all further efforts to reduce the use of such bonds to finance public governmental projects.

SECTION 2. It is hereby found and determined that all formal actions of this Council concerning or relating to the adoption of this Resolution were adopted in an open meeting of the Council and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

SECTION 3. This Resolution shall be in full force and effect from the earliest period allowed by law.

PASSED: 1st Reading - December 5, 1988-EMERGENCY
2nd Reading -
3rd Reading -

ATTEST:

Michelle I. Otheator
Clerk of Council

Robin E. Jindra
Chairman of Council

POSTED: December 7, 1988

EFFECTIVE DATE: December 5, 1988