



CITY OF LODI
COUNCIL COMMUNICATION

AGENDA TITLE: Authorize the Mayor, on Behalf of the City Council, to Send a Letter of Support for Preserving Tax-Exempt Financing for Local Government

MEETING DATE: December 19, 2012

PREPARED BY: City Clerk

RECOMMENDED ACTION: Authorize the Mayor, on behalf of the City Council, to send a letter of support for preserving tax-exempt financing for local government.

BACKGROUND INFORMATION: On December 11, 2012, the Northern California Power Agency (NCPA), through its Legislative and Regulatory Committee, requested that its members send a letter to their congressional representatives stressing the importance of preserving tax-exempt financing for local governments. As a part of the "fiscal cliff discussion and negotiations, representatives from both political parties have put tax-exempt financing on the table, although not in specific detail. The importance of tax-exempt bonds is outlined in the attached draft letter.

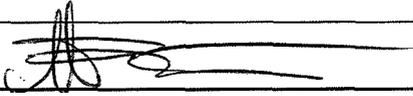
For the reasons stated above, it is recommended that the City Council authorize the execution and delivery of the proposed correspondence.

FISCAL IMPACT: Not applicable at this time.

FUNDING AVAILABLE: Not applicable at this time.



Randi Johl
City Clerk

APPROVED: 

Konrad Bartlam, City Manager

Randi Johl

From: Randi Johl
Sent: Tuesday, December 11, 2012 03:41 PM
To: Randi Johl
Subject: FW: tax-exempt financing / congressional template letter
Attachments: NCPA - preserve tax-exempt financing TEMPLATE letter.docx; ATT23815321.htm

From: Brent ten Pas [<mailto:brent.tenpas@ncpa.com>]
Sent: Tuesday, December 11, 2012 10:56 AM
To: *L&R Committee
Subject: tax-exempt financing / congressional template letter

NCPA Legislative & Regulatory Committee members,

Good morning.

As the “fiscal cliff” end-of-the-year deadline draws near, the Administration and Congress continue deliberations in an attempt to seek consensus on ways to increase revenue, including the potential elimination or reduction of the deductibility of interest on municipal bonds. Though lacking in specifics, representatives from both political parties have put tax-exempt financing on the table. As well, this threat could carry over into next year as “tax reform” remains a legislative priority for both the Administration and Congress.

We would like to keep this issue and our concerns front-and-center with our congressional delegation. Towards that end, we would encourage each NCPA member to personalize the attached letter and send it to your federal representatives (Members of the House and both U.S. Senators) stressing the importance of protecting municipal tax-exempt financing. We need to make sure that our congressional delegation remains fully aware of these threats and understands the impact and adverse result it would have on their constituents.

Please contact me if you have any questions.

Thank you,

Brent R. ten Pas
Federal Government Relations

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CITY COUNCIL

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KONRADT BARTLAM,
City Manager
RANDI JOHL, City Clerk
D. STEPHEN SCHWABAUER
City Attorney

December 19, 2012

Dear Representative/Senator _____

As you struggle with the challenging issues of addressing the "fiscal cliff" and tax reform, I am writing to remind you of the companion challenges faced by local governments and the critical importance of tax-exempt bonds to the financial health of our community.

Residents and businesses in our community certainly understand and support efforts to reduce the federal budget deficit and reform the tax code. But, those efforts need to be done wisely in order to preserve essential services and promote economic growth. For that reason, I am writing to urge you to oppose any effort to eliminate or reduce the ability of local governments to finance needed infrastructure through tax-exempt financing.

As you know, tax-exempt bonds are the basic tool used by states and local governments to finance needed infrastructure – including much needed electric utility infrastructure, but also schools, roads, bridges, hospital, and water and sewer treatment plants. These facilities provide essential services for our residents and businesses, provide valuable construction jobs, and are the physical foundation needed for economic success. When we issue tax-exempt bonds, the benefits go directly to the communities we serve.

Eliminating or restricting tax-exempt bonds would raise the cost of these projects. It is communities – not wealthy investors – that would suffer the consequences. Given the current condition of most state and local budgets, many necessary projects could be delayed, scaled back, or even eliminated if financing costs rise.

We appreciate the difficult task you face, but we are asking you to make clear to congressional leaders that eliminating or restricting tax-exempt bonds is not an acceptable choice.

Thank you for your consideration of this important issue.

Sincerely,

Alan Nakanishi
Mayor