

RESOLUTION NO. 31-85

A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MESQUITE, TEXAS, IN OPPOSITION TO FEDERAL
TAX PROPOSALS FOR MUNICIPAL BONDS AND PRO-
VIDING AN EFFECTIVE DATE.

WHEREAS, on May 29, 1985, President Reagan submitted his tax proposal for "fairness, growth and simplicity" to Congress; and,

WHEREAS, included in the Federal tax proposals are provisions which would eliminate or limit the tax-exemption of state and local government bonds including bonds issued by the City of Mesquite, Texas; and,

WHEREAS, the Federal proposals would deny tax-exempt status to bonds where the private sector benefits directly or indirectly from the use of more than one percent of the proceeds of the bond issue; would eliminate all advance refundings of tax-exempt bonds; would restrict the investment of bond proceeds; would require that certain earnings from the investment of bond proceeds be paid to the U. S. Treasury Department; would require that an Internal Revenue Service information report be filed for every bond issue; and would impose additional taxes on banks that purchase tax-exempt bonds; and,

Whereas, each of the Federal proposed limitations on tax-exempt municipal bonds would adversely affect the City of Mesquite, Texas administrative review of bond issues and the use made of facilities financed with such issues, requiring filings with the Internal Revenue Service and review by the Internal Revenue Service of each bond issue, and jeopardizing the tax-exemption on bonds where the private sector benefits directly or indirectly from the use of more than one percent of a project financed by such bonds; and,

WHEREAS, the Federal municipal bond proposals will result in an increase in costs which must be passed on to the residents of Mesquite, Texas to provide vital public services to such residents and will impose added federal bureaucratic controls over the provisions of the such services;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS:

SECTION 1. That the City Council of Mesquite, Texas goes on record as opposing the limitations and restrictions on municipal bonds as proposed by the Federal tax proposals, which, if enacted into law would adversely affect all tax-exempt municipal bonds, including bonds issued by the City of Mesquite, Texas; and

SECTION 2. That copies of this Resolution shall be sent to members of Congress urging them to oppose the provisions of the

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Federal tax proposals which would impose new limitations on the issuers and purchasers of municipal bonds.

DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 19th day of August, A.D., 1985.


Mrs. Brunhilde Nystrom
Mayor

ATTEST:


Lynn Prugel
City Secretary