STATEMENT FROM THE U.S. CONFERENCE OF MAYORS
CEO & EXECUTIVE DIRECTOR TOM COCHRAN ON CHAIRMAN CAMP’S
TAX REFORM PROPOSAL

Municipal Bond Provision Would Squeeze Cities

Washington, D.C. – U.S. Conference of Mayors CEO and Executive Director Tom Cochran today issued the following statement on U.S. House Ways and Means Committee Chairman Camp’s Tax Reform Proposal:

“Chairman Camp’s plan to impose a 10 percent surtax on interest income from otherwise tax-exempt municipal bonds is an all out attack on local governments and our ability to raise funds for local investments in highways, bridges, schools, hospitals, fire and police stations, housing, airports, electric power generation, water treatment and overall economic development.

“This move is economically ill-informed and we believe Chairman Camp is being misadvised on the potential impact of his proposal. And worse, the surtax applies to interest earned on both new issues and outstanding bonds.

“The simple fact is that municipal bonds finance three-quarters of the nation’s core infrastructure. And a new federal tax on these bonds would make all local building much more expensive and much more difficult – most importantly to the detriment of local taxpayers of all incomes.

“Our extensive research shows in the last decade, state and local governments financed over $1.65 trillion of infrastructure investment using tax-exempt bonds – nearly all in just six categories: public schools; hospitals; water and sewer facilities; roads, highways and streets; public power projects and mass transit.

“The nation’s mayors and our DON’T MESS WITH OUR BONDS COALITION of more than 60 national organizations will not stand idly by when the very underpinning of our ability to improve our local communities is being threatened -- especially at a time when jobs are scarce and the physical state of public works is deteriorating.

“We will not rest until Chairman Camp and his colleagues understand the critical nature of municipal bonds to this nation as its most important financial tool for infrastructure of any kind, and we are committed to working with all members of the House Ways and Means Committee to reverse this wrong-headed course of action.

“We are also disappointed that Chairman’s proposal would eliminate the deduction for personal state and local income, property and sales taxes. These deductions have contributed to the stability of tax revenues that are reliable and flexible. Their elimination would introduce more volatility, particularly in the housing market, and could very well reduce property tax revenues if such a change further curbed housing sales and prices.”
The U.S. Conference of Mayors is the official nonpartisan organization of cities with populations of 30,000 or more. There are nearly 1,400 such cities in the country today, each represented in the Conference by its chief elected official, the Mayor. For additional information, visit www.usmayors.org.