

RESOLUTION NO. 92

A RESOLUTION OPPOSING CHANGE IN TAX-EXEMPT STATUS OF MUNICIPAL BONDS

RESOLVED, by the Board of Directors of the Sunnyslope County Water District, San Benito County, California, that

WHEREAS, this District is informed that the Congress of the United States, in seeking acceptable methods of tax reform, is again considering the possibility of removing or otherwise changing the tax-exempt status of interest on municipal obligations, or limiting individual tax preferences in such a manner as to directly affect the market value of otherwise exempt securities, and that legislation to this effect has been passed by the House of Representatives;

WHEREAS, any such change would have catastrophic consequences on the economy of all local governments throughout the United States, including this District, in that the market for any securities of many local government agencies would disappear completely, the cost of municipal financing would materially increase for those which could market their securities at all, property taxes would universally increase to a substantial extent because of the greater expense involved in higher interest rates, charges for municipal utility service would substantially increase because of the higher cost of revenue financing, federal subventions would have to be increased and the cost of administering federal programs would go up proportionately, all to the material detriment of local and municipal taxpayers throughout the United States, including the taxpayers of this District;

NOW, THEREFORE, IT IS DETERMINED and ORDERED, that this District is strongly opposed to any legislation which would rescind, modify or in any way weaken the tax-exempt status of interest on municipal obligations, including the tax reform bill which has been passed by the House, (H.R. 13270, 91st Congress, 1st session) and the honorable representatives of the State of California in the Congress of the United States are respectfully urged to oppose any such proposed legislation with vigor and fortitude.

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I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted by the Board of Directors of the Sunnyslope County Water District, San Benito County, California, at a meeting thereof held on the 11th day of September, 1969, by the following vote of the members thereof:

AYES, and in favor thereof, Directors: Churchill, Greer, Loafbourrow, Porteur, Rung
NOES, Directors: None
ABSENT, Directors: None

Hubbard
Secretary

APPROVED:

Larry Loafbourrow
President

ERNEST A. WILSON
KENNETH I. JONES
JAMES T. MORTON
JOHN E. LYNCH
PHILIP D. ASSAF
PEGGY L. McELLIOTT
JOHN H. HOLTOM (1921-1966)
NORMAN W. KAVANAUGH
SHERRON S. DAVIS

THOMAS C. MORONEY
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LAWRENCE C. JENSEN
ROBERT M. HAIGHT
ROBERT G. AUWBREY
RICHARD H. HARGROVE
ANDREW C. HALL, JR.
RICHARD F. RAYMOND
JEREMIAH J. LYNCH
MAYER A. DANIEL
GERALD A. LASTER
MICHAEL R. NAVE
FRANK PIOMBO
RAYMOND M. HAIGHT

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CHARLES N. KIRKBRIDE
1894-1911
KIRKBRIDE & GORDON
(JOSEPH B. GORDON)
1911-1929
KIRKBRIDE & WILSON
1929-1947
KIRKBRIDE, WILSON, HARZFELD & WALLACE
1947-1961

OF COUNSEL
ARTHUR J. HARZFELD
JAMES M. WALLACE

August 12, 1969

Honorable Board of Directors
Sunnyslope County Water District
Hollister, California

Dear Members:

Re: Legislation Affecting Tax-Exempt Status
of Municipal Securities (H.R. 13270, 91st Congress)

The House of Representatives has adopted a so-called tax reform bill which, if it becomes law, would have disastrous effects on the ability of cities, counties and districts to borrow money.

Specifically, the bill provides that an individual having income that is not subject to taxation because it derives from any of five types of preferential sources would be required to include in his ordinary income tax base half of his preferential income, to the extent that it exceeds the income subject to tax, provided the income from preferential sources exceeds adjusted gross income subject to tax by at least \$10,000. Interest from currently tax-exempt bonds is one of the five sources of preferential income which would become subject to tax.

The passage of this measure by the Senate and its approval by the President would have catastrophic effects on the municipal bond market. It should be opposed by every local taxing agency in the country.

We have prepared and enclose for your immediate consideration a resolution which would oppose any change in the tax-exempt status of municipal bonds. We urge its immediate adoption and transmission of certified copies to both Senators George Murphy and Alan Cranston as well as to any other congressional representatives you consider appropriate. Even though the bill has passed the House, it will do no harm to communicate your position to all of your representatives.

I am also enclosing a photocopy of the Congressional Directory to facilitate any distribution you may care to make.

If you feel the need of any further information, please feel free to call. Obviously time is of the essence and we would urge immediate action.

Very truly yours,

for


WILSON, JONES, MORTON & LYNCH

KIJ/mf
Enclosures