

HRES 112 IH

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H. RES. 112

Celebrating the history of municipal bonds, the 100-year precedent of the Federal tax exemption for municipal bond interest, and the important contribution municipal bonds have made to economic growth and wellbeing in each State and municipality in our great Nation.

IN THE HOUSE OF REPRESENTATIVES

March 13, 2013

Mr. TERRY (for himself and Mr. NEAL) submitted the following resolution; which was referred to the Committee on Ways and Means

RESOLUTION

Celebrating the history of municipal bonds, the 100-year precedent of the Federal tax exemption for municipal bond interest, and the important contribution municipal bonds have made to economic growth and wellbeing in each State and municipality in our great Nation.

Whereas in the 200 years since the first recorded municipal bond was issued by the City of New York to build a canal, municipal bonds have helped build a strong economy and provide for the health and welfare of our citizenry;

Whereas three-quarters of all infrastructure investments made in the United States are financed by municipal bonds;

Whereas municipal bonds finance infrastructure projects that touch the daily lives of every American citizen and business--roads we drive on, schools and education for our children, affordable family housing, water systems that supply safe drinking water, courthouses, hospitals and clinics to treat the sick, airports and ports that help move products domestically and overseas, and utility plants that power our homes, businesses, and factories;

Whereas interest on municipal bonds is exempt from Federal taxation as part of the principle of reciprocal immunity under which the Federal Government is exempt from State and local taxation and State and local governments are exempt from Federal taxation;

Whereas the Federal Revenue Act of 1913 codified this principle as part of the Federal income tax by exempting from income tax the interest on municipal bonds;

Whereas exempting municipal bond interest from Federal taxation reduces the cost of infrastructure financing by State and local governments;

Whereas reduced infrastructure costs for State and local governments allow for greater infrastructure investments and savings passed directly to taxpayers and ratepayers in the form of reduced taxes and fees;

Whereas, because of critical infrastructure needs, it is estimated that in 2013, \$300 billion of municipal bonds will be issued;

Whereas keeping infrastructure costs low is critical for job creation and rebuilding infrastructure is crucial to our Nation's State and local economies, including power generation, distribution, and transmission;

Whereas the ability of municipal bonds and the 100-year precedent of the Federal income tax exemption for municipal bonds provides State and local governments timely access to cost-effective capital; and

Whereas the Federal tax exemption for municipal bond interest is a cost-effective financing vehicle available to State and local governments: Now, therefore, be it

Resolved, That the House of Representatives--

(1) celebrates the history of municipal bonds;

(2) celebrates the 100-year precedent of the Federal tax exemption for municipal bond interest; and

(3) celebrates the important contribution municipal bonds have made to the economic growth and wellbeing in each State and municipality in our great Nation.

END

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