

A RESOLUTION

declaring support for the preservation of the federal tax exemption of municipal bonds.

WHEREAS, the tax-exempt municipal bond market is a widely used source of capital for states, local government, tribes, territories, and non-profit borrowers that finances a tremendous share of the nation's public infrastructure; and

WHEREAS, state and local governments finance about three-quarters of the public infrastructure in the United States and use tax-exempt bonds to do so, with the federal government providing only about one-quarter of the investment; and

WHEREAS, federal tax exemption for municipal bonds, dating back to the 1800s and incorporated into the modern tax code in 1913, has been crucial for state and local governments to affordably finance critical infrastructure projects; and

WHEREAS, tax-exempt bonds offer borrowers to achieve a multiplier effect of 2.11, meaning that for every dollar, borrowers achieve \$2.11 in borrowing cost savings thereby demonstrating the efficiency and effectiveness of this exemption in facilitating infrastructure investment; and

WHEREAS, tax-exempt bonds provide for essential infrastructure projects, such as roads, bridges, utilities, broadband, water and sewer systems, and hospitals, which are vital to the health and well-being of our community such that without such bonds, the cost of borrowing would be more expensive thereby causing an increase in taxes and fees that would place an undue burden on taxpayers; and

WHEREAS, the City of Columbia's most recent financing transaction in 2023, involving the issuance of \$27,695,000 in Water and Electric Revenue Bonds, resulted in a true interest cost of approximately 4.9%; and

WHEREAS, had the City been required to issue taxable debt, the estimated incremental cost of 2.1% would have increased the effective interest rate to 7.0%, resulting in an estimated additional cost to the City of approximately \$11 million over the life of the loan; and

WHEREAS, the City Council of the City of Columbia, Missouri finds and determines that tax-exempt municipal bonds provide an opportunity for economic development along its path, better facilitate the movement of agriculture products, equipment, and other goods, and increase safety.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. The City Council hereby encourages the State of Missouri Congressional Delegation to assist the City of Columbia, Missouri by preserving the tax-exempt status of municipal bonds by supporting and ensuring the protection of the federal tax exemption of municipal bonds.

SECTION 2. Copies of this Resolution shall be furnished to all members of the Missouri Congressional Delegation.

ADOPTED this _____ day of _____, 2025.

ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor