

WHEREAS, the President has submitted to Congress a tax reform package to reduce tax rates, reduce complexity, and increase fairness in the federal tax code; and

WHEREAS, this tax reform package is currently being considered in Congressional hearings through the calendar year; and

WHEREAS, several recommendations in the tax reform package are of concern to the City of Lebanon, including:

- * Elimination of the deductability of state and local property, sales and income taxes; and
- * Proposed restrictions on tax exempt bonds, including the taxing of "private purpose municipal bonds;" the elimination of advance refunding bonding; the denial for deduction of interest with financial institutions which might carry municipal bonds; and severe restrictions on arbitrage; and

WHEREAS, Congress has adopted through budget deliberations dramatic reductions in federal assistance to cities in FY 1986, including the phase-out of federal revenue sharing; and

WHEREAS, tax reform proposals would radically affect the tools available to our City for accomplishing local goals, would restrict local government's use of tax exempt bonds for municipal purposes, would increase the cost to our local government for municipal facilities, and would shrink the market for tax exempt municipal bonds;

NOW THEREFORE, BE IT RESOLVED that the City of Lebanon opposes the tax reform provisions involving tax deductibility and tax exempt bond which, combined with the federal budget cuts, our city will find devastating to our ability to address service demands and to raise capital for public purposes;