



CITY OF ST. PETERSBURG
Office of the Mayor

Bill Foster, Mayor

March 14, 2013

The Honorable Congressman Dave Camp
United States House of Representatives
Ways and Means Committee Office
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Representative Camp:

Recent proposals to eliminate or curtail the tax exemption of municipal bonds threaten local communities like ours. We urge your support and commitment to tax-exempt bond financing in recognition of the critical role it plays in the ability of state and local governments to fund national priorities, particularly infrastructure.

Maintaining the tax-exempt status of municipal bonds is essential to help our national economy grow, create jobs, and best serve the constituencies of every community. Repeal of the deduction for state and local taxes will increase the effective rate of state and local taxes with all of the resulting revenue going to the federal government. While federal officials may view this tax exemption as a benefit to those who can afford to invest in tax exempt bonds, we in local government view it as a mechanism to help us hold down the cost of vital services to our citizens, such as clean affordable drinking water, the efficient processing of wastewater, and the safety of critical infrastructure like roads and bridges.

Three-quarters of the total United States investment and infrastructure is provided by state and local governments, and tax-exempt bonds are the primary financing tool used by over 50,000 state and local governments to accomplish these infrastructure goals. If municipal bonds are taxed, the cost of infrastructure financing will skyrocket at a time when communities like ours are in dire need of upgrades to roads, bridges, schools and sewer systems.

Next week the City will be marketing approximately \$45 million in bonds to refinance a portion of the City's current Utility Debt to save approximately \$2.5 million and a similar amount to finance new projects that will save our utility rate payers over \$30 million during the next twenty years. Given the historical interest rate variance between tax-exempt and taxable bonds, losing tax exempt status would cost the City's rate payers \$13.88 million more over the life of these new bonds alone. Issuing bonds at a taxable rate would have prevented the City from doing many of the projects we were otherwise able to do.

Eliminating or curtailing the tax exemption would be extremely detrimental to the City of St. Petersburg, Pinellas County, the State of Florida, and the entire nation. We appreciate your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Foster". The signature is fluid and cursive, written in a professional style.

Bill Foster, Mayor