



**LEWISVILLE**

Deep Roots. Broad Wings. Bright Future.

Mayor's Office

May 16, 2016

The Honorable Dr. Michael Burgess  
U.S. House of Representatives  
2000 S. Stemmons Freeway, Suite 200  
Lake Dallas, Texas 75065

**RE: PROTECTING TAX-EXEMPT STATUS FOR MUNICIPAL BONDS**

Dear Rep. Burgess:

You might already be aware, but the week of May 16-23 will be observed as Infrastructure Week by the National League of Cities and by communities across the country, including Lewisville. This observance gives us a chance to recognize the importance of well-built, well-maintained public infrastructure, and also raise awareness about the need to invest in the infrastructure that forms the backbone of our local and national economy.

This year there is additional reason for focusing our attention on public infrastructure. As a member of the NLC's Finance, Administration and Intergovernmental Relations Steering Committee, I have been made aware of talk coming from the political arena in Washington D.C. that the federal income tax exemption on municipal bonds might be targeted for reduction or elimination.

Put in the simplest terms, such a move would seriously impede vital public infrastructure programs in Lewisville and across the country, and would increase the cost to taxpayers for projects that are successfully completed.

Infrastructure matters. It matters, in big ways and in small, to our country, our economy, our quality of life, our safety, and our communities. It matters to our daily commutes and our summer vacations. Infrastructure determines if we can drink water straight from our taps and flush our toilets or do our laundry. It brings electricity into our homes. Ultimately, infrastructure matters to every aspect of our daily lives.

Infrastructure also is expensive – so expensive that the “pay-as-you-go” approach, while attractive on the surface, simply doesn't work for most projects. If a new road or new water line is needed to support planned development, it is needed right away and not 10 or 20 years in the future. That is especially true in rapid-growth areas such as Lewisville and the rest of Denton County. Delaying major infrastructure projects could lead to missed development opportunities that would jeopardize the economic growth currently being enjoyed in North Texas.

Tax-exempt municipal bonds bring affordable capital to these infrastructure projects, saving an average of 25 to 30 percent on interest costs compared to taxable bonds. In addition, municipal



bonds have a very strong repayment record - allowing state and local governments to borrow responsibly for capital projects - and provide a safe and reliable investment option for our citizens.

I know you are familiar with the Lewisville 2025 vision plan that we adopted two years ago. A group of 50 community volunteers developed that plan, considering more than 1,500 public comments and suggestions in the process. One clear message coming out of that public input was the need for increased investment in streets, drainage, parks and public facilities. Based on that input and the final Lewisville 2025 plan, our city leaders took a \$135 million bond package to the voters last November. Even faced with a potential property tax increase of less than 2 cents, all four propositions passed because they presented projects that are important to our residents.

Removing or limiting the tax-exempt status of these voter-approved bonds will result in higher costs to the city that will have to be borne by our taxpayers. It also would delay or possibly even remove some of the projects voters said they want built.

If the federal income tax exemption for municipal bonds is eliminated or limited, local governments will pay more to finance projects like these, leading to less infrastructure investment, fewer jobs, and a greater burden on local residents forced to pay higher taxes and fees. Every dollar we invest in infrastructure through municipal bonds is an investment in our neighborhoods and our future.

I hope we can count on your help protecting the tax-exempt status for municipal bonds as a way to encourage timely investment in vital infrastructure at the lowest possible cost to taxpayers. If I can be of any assistance, please let me know.

Sincerely,

Councilman Leroy Vaughn  
City of Lewisville, Texas