

1 **NORTHWEST PUBLIC POWER ASSOCIATION**

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3 **12-06 Archived Resolution**

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5 **IN SUPPORT OF PRESERVING PUBLIC POWER’S TRADITIONAL**  
6 **FINANCING METHODS**  
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8 At the start of the 109th Congress, Members of Congress and the  
9 Administration faced record deficits and increased budget pressures on  
10 various fronts. More recently, these pressures have been compounded by  
11 war-related, natural disaster and rising fuel costs.

12 In 2005, the Joint Committee on Taxation (JCT) released a report  
13 entitled “Options to Improve Tax Compliance and Reform Tax  
14 Expenditures” that outlined ways to close the gap between taxes actually  
15 owed to the U.S. Treasury versus taxes actually paid. Some elements of  
16 tax-exempt financing were analyzed as a possible revenue source for  
17 filling this gap and proposed as an “offset” for other key legislative efforts,  
18 such as decreasing the deficit, restructuring Social Security and/or  
19 reforming the tax code.

20 NWPPA opposes any effort to impose limitations on traditional  
21 financing sources for public power to reduce the federal deficit or to pay  
22 for other legislative proposals. Tax-exempt bonds are the key financing  
23 mechanism used by state and local governments, including consumer-  
24 owned utilities, to build vital infrastructure. Efforts to restrict this  
25 financing tool should be rejected.

26 Continued access to tax-exempt bonds and continued  
27 flexibility in the use of those bonds are fundamental to public power’s  
28 ability to serve its customers. That access and flexibility must be  
29 maintained.

30 While NWPPA supports federal deficit reduction, it does not view  
31 efforts to further limit the use of tax-exempt financing, now, or in the  
32 future as an appropriate or effective approach to reducing federal  
33 expenditures.

34 Furthermore, NWPPA opposes the enactment of other tax-related  
35 proposals that could affect public power systems’ ability to utilize  
36 traditional financing methods.

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38 Origination Date: 2005 sponsored by Chelan Co. PUD