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Proposed tax changes in Washington had local officials up in arms in Hauppauge on Tuesday.

Suffolk County Executive Steve Bellone and Comptroller Joseph Sawicki decried a proposal by President Barack Obama's Commission on the Deficit to eliminate the federal tax exemption on municipal bonds. The proposal would lead to increased costs to local governments, meaning either increased taxes or cuts to vital programs.

According to Sawicki, Suffolk's debt issuances under the current tax-free system in 2012 cost \$37.39 million. If those bonds and notes had been issued taxable interest, the cost would increase to \$50.17 million – a jump of almost \$12.8 million for 2012 alone.

U.S. Rep. Tim Bishop, D-Southampton, also opposed the proposal, saying the federal government would simply be shifting the cost to local governments.

“We would either see higher property taxes or less of what Suffolk County needs,” Bishop said.

And Suffolk wouldn't be alone. All municipalities that issue bonds, from towns and villages up to the state governments, would see increased costs as a result of the federal proposal.

“Our economic growth and economic development plans in the county depend on the ability to issue tax-free municipal bonds,” Bellone said.