# Bond Case Briefs

*Municipal Finance Law Since 1971*

---

## A Requiem for Reasonable Expectations: Squire Patton Bogs

The “reasonable expectations” approach to determining the issue price of a tax-advantaged bond[1] has been the law since 1989. On June 7, it is scheduled to join Betamax tapes and parachute pants as another relic of that bygone decade. Barring intervention (either Divine or as part of the President’s executive order to undo recent regulations that “add undue complexity to the Federal tax laws”), the new issue price regulations will take effect for tax-advantaged bonds sold on or after June 7. Though we don’t often have to rely on reasonable expectations because underwriters usually actually sell at least 10% of each bond maturity at the initial offering price to the public on the sale date, the reasonable expectations rule has been a useful tool and a dear friend. As it prepares to ride off into the sunset,[2] a eulogy is in order. And bittersweet that eulogy shall be, for the death of the reasonable expectations standard seems senseless.

Continue reading.

By Johnny Hutchinson on May 11, 2017

The Public Finance Tax Blog

**Squire Patton Boggs**