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The Constitution Prevails as the Political Subdivision Regulatory Project Gets Trumped.

July 7, 2017 witnessed a once-in-a-career moment for any tax practitioner. On that date, the Treasury Department released [Notice 2017-38](#), which acknowledged that eight regulatory projects are unduly burdensome and should be reconsidered for modification or repeal - a rare display of administrative modesty. Included in the list of burdensome regulations are the proposed regulations that would re-define the term "political subdivision" for purposes of which entities can issue tax-exempt bonds under Section 103 of the Internal Revenue Code (the "Political Subdivision Proposed Regulations," which we have previously analyzed [here](#), [here](#), [here](#), [here](#), [here](#), and [here](#)).

The Political Subdivision Proposed Regulations are indeed unduly burdensome and therefore merited inclusion in Notice 2017-38. As discussed below, the Political Subdivision Proposed Regulations are also of dubious constitutionality.

[Continue reading.](#)

The Public Finance Tax Blog

by Michael Cullers

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