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Treasury Issues Priority Guidance Plan for Municipal Bonds.

WASHINGTON — The Treasury Department's priority plan for the 12 months after July 1, 2017 contains rules or guidance on private activity bonds, remedial actions, and bond reissuance.

The 2017-2018 Priority Guidance Plan, published on Friday, covers the period through June 30, 2018 and contains several muni bond regulatory projects that were on the previous 2016-1917 plan, including the public notice and approval rules for private activity bonds under TEFRA (the Tax Equity and Fiscal Responsibility Act of 1982).

The TEFRA rules were proposed on Sept. 28. Muni issuers were allowed to opt to immediately use them between the day they were proposed and their effective date, which still must be determined. Otherwise the rules will be prospectively effective when finalized. Treasury and the IRS have asked for comments on the proposed rules and requests for a public hearing to be submitted to them by Dec. 27 of this year.

The plan also includes another item on the previous 2016-2017 plan — actions that issuers can take to remediate certain tax law or rule violations for tax-advantaged bonds, which include tax-exempt, taxable direct-pay, and taxable tax-credit bonds.

Bond reissuance rules remain on the list from the previous plan. Treasury and the IRS have released several guidance documents on reissuance, which is when the terms of bond issues have been materially changed such that they are considered to be new bonds subject to the latest tax laws and rule. The agencies have been working on a project to modernize and possibly consolidate this guidance.

The plan appears to contain one new item not listed in last year's plan — guidance on private activity bonds. But it does not elaborate on the kind of guidance envisioned.

Also listed on the 2017-2018 pan is guidance on the overpayment of arbitrage that had been rebated. That guidance was in Revenue Procedure 2017-50, which was published on Aug. 25, 2017 and took effect at that time. It extended the deadline for issuers that file claims for recovery of excess arbitrage they inadvertently rebated to the federal guidance.

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