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In Need of More Research – The Congressional Research Service's Error-Filled Report on Private Activity Bonds (and, Specifically, Qualified 501(c)(3) Bonds)

As readers of this blog know, the version of the Tax Cuts and Jobs Act that was passed by the House of Representatives would not have allowed any private activity bond (including any qualified 501(c)(3) bond) to be issued as a tax-exempt bond after December 31, 2017. The version of the Tax Cuts and Jobs Act passed by the Senate, and the version ultimately enacted into law, did not include this repeal of tax-exempt private activity bonds.

We've previously explored (here) why the House wanted to eliminate tax-exempt private activity bonds and debunked the purported policy bases that were articulated by members of the House in support of the repeal of tax-exempt private activity bonds. The need for exploration and debunking remains, in light of both the Republicans' insatiable desire to enact tax cuts and the release by the Congressional Research Service of its report titled "Private Activity Bonds: An Introduction," which appears to have been drafted to afford a policy rationale to eliminate the income tax exemption for interest paid on certain private activity bonds (which elimination would, of course, be used to cover the cost of income tax rate reductions).[1] To discover the errors in CRS's report, hit the jump.

Continue reading.

By Michael Cullers on September 25, 2018

The Public Finance Tax Blog

Squire Patton Boggs