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The 'Absurd' Muni-Market Signal Showing SALT Tax Pinch.

- **SIFMA index soars to highest since 2008 amid tax selling**
- **Index may decline again as higher yields will attract buyers**

The \$3.8 trillion municipal-bond market offered yet another sign this week that the new tax regime may be painful for some Americans.

An index of variable-rate municipal-bond debt saw the biggest jump in yields since 2008 on Wednesday, an increase likely due to retail investors selling their holdings to pay their tax bills. The bump in yields typically occurs in March and April ahead of the tax filing deadline, but this year's jump was delayed — suggesting that investors waited until the last minute to file their returns with the U.S. Internal Revenue Service.

Congress in late 2017 approved a tax overhaul that capped how much state and local taxes can be deducted from federal returns, hitting high-tax states like New York and California hard.

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By Amanda Albright and Michelle Kaske

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