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New Tax Laws Drive More Americans Into Muni Bonds.

High earners hit hardest by overhaul seek to generate tax-free income

Investors in high-tax states like New York and California are piling into municipal bonds this year, fueled in part by the 2017 tax overhaul that raised tax burdens for some high-income households.

The purchases are driven by taxpayers' desire to generate tax-free income, and this year's buying surge started right as taxpayers were seeing the full impact of the new law.

Mutual and exchange-traded funds containing California, New York and New Jersey munis have received a combined total of $6.5 billion in inflows this year through the end of July. The inflows marked the most of any seven-month period since at least 2014, according to Lipper. People started completing the first tax returns under the new law in late January and February.

Continue reading.

The Wall Street Journal

By Heather Gillers and Richard Rubin

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