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Budget Reconciliation Bill's Impact on Public Power.

President Trump on July 4 signed into law H.R. 1, budget reconciliation legislation that does not alter the tax treatment of municipal bonds and does not change the ability of public power utilities to claim tax credits through elective payment.

At the same time, the new law repeals energy tax credits extended and expanded under the Inflation Reduction Act of 2022 and cuts federal spending - primarily Medicaid - to partly offset the revenue loss from extending expiring tax cuts from President Donald Trump's first administration.

The House passed the bill by a vote of 218 to 214 on July 3.

Of note, conservative Republicans initially opposed to the bill emerged from talks last with the White House saying that the administration would strictly enforce, and possibly change, the rules for determining when a developer could claim it had "begun construction" for purposes of qualifying for energy tax credits.

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