

- [Tax Reform Incentives for Investments in LI Communities: Holland & Knight](#)
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- [MSRB Holds Quarterly Board Meeting.](#)
- [SIFMA U.S. Municipal Issuance Report.](#)
- [In re Lombard Public Facilities Corporation](#) - Bankruptcy Court holds that bankrupt public facilities corporation that was formed by village to obtain financing for and construct a convention center within village limits - and which had issued bonds - was not a "governmental unit," of the kind ineligible for Chapter 11 relief.
- And finally, Adventures in Environmental Irony is brought to us this week by [Smokebrush Foundation v. City of Colorado Springs](#), in which the city rained down toxic airborne asbestos particles on the adjoining business while dismantling a coal gasification plant. And that business? You guessed it: a "wellness center." We realize that burning sage is a traditional purification ritual, but ya' might want to consider something just a tad bit stronger this time around.

IMMUNITY - COLORADO

[Smokebrush Foundation v. City of Colorado Springs](#)

Supreme Court of Colorado - February 5, 2018 - P.3d - 2018 WL 700096 - 2018 CO 10

Landowner brought action against city for negligence, nuisance, and other tort claims relating to contamination by asbestos and coal tar from an adjacent property owned by the city on which city had dismantled a gas department building and on which a coal gasification plant and a natural gas plant used to operate.

The District Court denied city's motion to dismiss for lack of subject matter jurisdiction. City appealed. The Court of Appeals reversed and remanded with instructions. Landowner petitioned for certiorari.

The Supreme Court of Colorado held that:

- City did not waive its sovereign immunity under the Colorado Governmental Immunity Act (CGIA) as to landowner's injuries that purportedly resulted from airborne asbestos contaminants during demolition of the gas department building, but
- As a matter of apparent first impression, coal gasification plant that used to sit on the city-owned property was a "public gas facility" within the meaning of the CGIA.

City did not waive its sovereign immunity under the Colorado Governmental Immunity Act (CGIA) for injuries to owner of land adjacent to city-owned land that purportedly resulted from airborne asbestos contaminants during building demolition activities on the city-owned land; in the context of CGIA's provision waiving sovereign immunity for injuries resulting from a dangerous condition of any public building, CGIA defined a "dangerous condition" as one that was proximately caused by the negligent act or omission of the public entity in constructing or maintaining a facility, and demolishing a building in its entirety was the opposite of "constructing" it.

Coal gasification plant that used to sit on city-owned land was a "public gas facility" within the meaning of the Colorado Governmental Immunity Act (CGIA), and thus the city waived its sovereign immunity as to adjacent landowner's negligence, nuisance, and other tort claims against city for injuries related to purported contamination of adjacent landowner's property by subsurface migration of coal tar pollutants created by historical coal gasification operations on the city-owned land, despite argument that the injury-causing conduct must have occurred before the CGIA's effective date; the migration of the contaminants at issue was ongoing and continued after the CGIA's enactment.

ANNEXATION - MINNESOTA

[In re Matter of Dahlgren Township](#)

Court of Appeals of Minnesota - December 18, 2017 - N.W.2d - 2017 WL 6418228

City and township appealed portions of Office of Administrative Hearings' (OAH) orders that limited the amount of tax reimbursement to which the city and township could agree as condition of annexation of real property from township to city and imposed OAH's costs on city and township.

The District Court vacated both of the challenged provisions. OAH appealed.

The Court of Appeals held that:

- Statute, which required order approving annexation to provide reimbursement from municipality to town for taxable property annexed as part of the order unless otherwise agreed to by the parties, did not prevent city and township from agreeing to tax-reimbursement rate of \$500 for each acre of real property that was to be annexed to city, even if that amount was more than what order approving annexation would have provided in the absence of their agreement;
- Statute, requiring costs of administrative proceedings in municipal boundary adjustments to be allocated on equitable basis if parties did not agree to division of costs before commencement of hearing, did not authorize OAH to assess its costs to city and township; and
- Issue of whether city and township had the authority to charge property owner for tax reimbursement under their orderly annexation agreement did not involve genuine conflict in tangible interests, and thus, issue did not present justiciable controversy over which Court of Appeals could exercise jurisdiction.

LIABILITY - GEORGIA

[Mayor of Garden City v. Harris](#)

Supreme Court of Georgia - January 29, 2018 - S.E.2d - 2018 WL 575988

Parents, individually and on behalf of their minor daughter, brought action against city, alleging

premises liability, negligence, and negligence per se.

City moved for summary judgment. The State Court denied motion. City appealed. The Court of Appeals affirmed. Certiorari was granted.

The Supreme Court of Georgia held that under Recreational Property Act, landowner remains free from liability to any person injured on property who has been allowed to use property for recreational purposes free of charge.

BANKRUPTCY - ILLINOIS

[In re Lombard Public Facilities Corporation](#)

United States Bankruptcy Court, N.D. Illinois, Eastern Division - December 18, 2017 - B.R. - 2017 WL 6507097

United States Trustee, along with creditors, filed motions to dismiss Chapter 11 case on ground that debtor, a public facilities corporation, was a "governmental unit" and thus ineligible for Chapter 11 relief.

The Bankruptcy Court held that:

- Bankrupt public facilities corporation that was formed by village to obtain financing for and construct a convention center and hotel facility within village limits was not a "governmental unit," of kind ineligible for Chapter 11 relief, and
- Statements that Chapter 11 debtor, a public facilities corporation formed by village to obtain financing for and construct a hotel and convention center, had previously before taxing authorities in proceeding to determine tax-exempt status of its bonds were not binding on it.

Bankrupt public facilities corporation that was formed by village to obtain financing for and construct a convention center and hotel facility within village limits was not a "governmental unit," of kind ineligible for Chapter 11 relief, though village appointed the debtor's five-member board of directors and required debtor to observe the Illinois Open Meetings Act, the State Gift Ban Act, and conflict of interest statute, where debtor raised funds by selling tax-exempt bonds that were not back-stopped by the village treasury, conducted its corporate meetings separately from village meetings, and was not dependent on village for its day-to-day activities; while debtor's conduct in operating hotel and convention center might serve public purpose, it was not a core government function.

Statements that Chapter 11 debtor, a public facilities corporation formed by village to obtain financing for and construct a hotel and convention center, had previously before taxing authorities in proceeding to determine tax-exempt status of its bonds were not binding and did not prevent it, at hearing on motion to dismiss its Chapter 11 case on theory that it was a "governmental unit" ineligible for Chapter 11 relief, from taking position that it was not "governmental unit"; debtor, in making statements before taxing authorities, was not acknowledging that it was "governmental unit" ineligible for relief Chapter 11 of the Bankruptcy Code, but was making statements for completely different purpose of asserting that its bonds were tax exempt under completely different legislative scheme.

EASEMENTS - COLORADO

[City of Lakewood v. Armstrong](#)

Colorado Court of Appeals, Div. II - December 28, 2017 - P.3d - 2017 WL 6614122 - 2017 COA 159

After private landowners obstructed public easement on their land, city brought action for quiet title, declaratory judgment, prescriptive easement, trespass, reformation of deed, and injunctive relief.

The District Court entered summary judgment for city, finding that easement was valid. Landowners appealed.

The Court of Appeals held that:

- Deed validly conveyed easement from county to city, despite failing to specifically describe easement's location;
- Deed's failure to expressly describe dominant estate did not prevent it from validly conveying easement;
- Landowners had constructive notice of easement at time of purchase;
- Trial court properly reviewed extrinsic evidence in determining validity of deed conveying easement;
- Reverter clause was not triggered by zoning of dominant estate for commercial use; and
- County had authority to purchase easement.

EMINENT DOMAIN - NORTH DAKOTA

[Brandt v. City of Fargo](#)

Supreme Court of North Dakota - January 22, 2018 - N.W.2d - 2018 WL 493947 - 2018 ND 26

Property owners appealed city's resolution of necessity after city commission passed resolution related to construction of a flood protection project.

The District Court dismissed property owners' appeals, and property owners appealed to the Supreme Court.

The Supreme Court of North Dakota held that district court did not have jurisdiction over appeals from property owners who sought to challenge city's resolution of necessity after city commission passed resolution related to construction of a flood protection project; city's determination to exercise the power of eminent domain for an authorized public use was a legislative question which was not subject to judicial review, and no statute authorized owners' appeal.

INCORPORATION - SOUTH DAKOTA

[Lippold v. Meade County Board of Commissioners](#)

Supreme Court of South Dakota - January 24, 2018 - N.W.2d - 2018 WL 547466 - 2018 S.D.

Neighboring city and county residents appealed order of county board of county commissioners approving incorporation of proposed city and setting election for voters to decide whether to assent to incorporation.

The Circuit Court issued judgment declaring that the board's order was invalid and that election was a nullity. Board appealed.

The Supreme Court of South Dakota held that proposed city operated at minimum as de facto corporation, and thus, statute, requiring that any action challenging the regularity of acting municipality's organization be brought by the State, deprived neighboring city and county residents of standing to appeal board's order.

Putative city operated at minimum as de facto corporation, and thus, statute, requiring that any action challenging the regularity of acting municipality's organization be brought by the State, deprived neighboring city and county residents of standing to appeal order of county board of county commissioners approving incorporation of putative city and setting election for voters to decide whether to assent to incorporation; putative city was governed by acting board of sworn trustees and was engaged in acts of municipality, including taking out loans and obtaining licenses and sales-tax exemptions.

ZONING & LAND USE - WASHINGTON

[City of Union Gap v. Printing Press Properties, L.L.C.](#)

Court of Appeals of Washington, Division 3 - January 25, 2018 - P.3d - 2018 WL 545756

City, which designed, constructed, and maintained boulevard, filed action against owner of commercial property abutting the boulevard, alleging breach of development agreement and seeking to obtain injunction precluding owner from cutting curbing along the boulevard and building driveway to access the boulevard.

The Yakima Superior Court granted owner's motion for summary judgment. City appealed.

The Court of Appeals held that:

- City's action arose independently of other city's decision to issue permits for owner's driveway, and thus, city's failure to appeal other city's decision under Land Use Petition Act (LUPA) did not bar the action;
- Development agreement between city and owner precluded owner from directly accessing the boulevard from its property without permit from city; and
- Declaratory judgment, stating that owner would violate development agreement with city by cutting curb along boulevard to gain direct access from its land to boulevard without permit from city, was warranted as remedy.

[Tax-Exempt Bond Update: 2017 Year In Review.](#)

Tax Reform

In by far the biggest tax news of the year, the tax reform bill, commonly known as the Tax Cuts and Jobs Act (Tax Act), was passed by Congress and signed by the President on December 22, 2017.

Municipal finance participants, who had expected that all tax-exempt bonds would be “safe” under any tax reform legislation, were thrown by the initial version of the Tax Act released on November 2, 2017, which proposed to eliminate the tax-exemption for all private activity bonds, advance refunding bonds and certain stadium financings. What followed was an intense six weeks of hand-wringing, lobbying and rushing to close transactions at risk of losing their tax-exempt status if issued after December 31. In addition, issuers of tax credit bonds (such as build America bonds) were concerned that the projected increase in the federal deficit caused by the Tax Act could trigger a 100% reduction (beyond the now typical, annually announced sequestration levels that already affect direct pay bonds under the Budget Control Act of 2011) in the federal subsidy payments paid with respect to tax credit bonds under the provisions of the “Pay-As-You-Go Act of 2010” (PAYGO Act). In the end, Congress waived the PAYGO Act with respect to the Tax Act and avoided 100% sequestration.

The final version of the Tax Act:

- Repeals the authority to issue tax-exempt advance refunding bonds after December 31, 2017.
- Repeals the authority to issue tax credit bonds such as Qualified Zone Academy and Clean Renewable Energy Bonds after December 31, 2017.
- Retains the authority to issue private activity bonds (PABs), including 501(c)(3) bonds.
- Retains the authority to issue tax-exempt bonds to finance professional sports stadiums, in certain situations.
- Preserves the Low Income Housing Tax Credit (LIHTC).

In addition, the Tax Act:

- Lowers the corporate tax rate to 21%.
- Repeals the corporate alternative minimum tax (AMT).
- Retains seven individual tax brackets but changes both rates and income thresholds.
- Retains the individual AMT but raises the exemption and phase-out levels.
- Limits the deductibility of state and local taxes for individuals to \$10,000.
- Lowers mortgage interest deduction cap to \$750,000.

Most market participants expect to see a short term decrease in the issuance of tax-exempt bonds resulting from the rush to market that occurred in December 2017 and the elimination of advance refunding bonds (which have typically accounted for approximately 20% of new bond issues). The Tax Act did not provide transition rules for outstanding bonds that would have been eligible for tax-exempt advance refunding. As a result, market participants are exploring alternatives to tax-exempt advance refundings, such as forward delivery bonds or taxable advance refundings. For newly issued bonds, the market may react to the elimination of tax-exempt advance refunding bonds with new financing structures and revised call features, but these potential fixes may not be without cost to issuers. While the long-term effects of the Tax Act on the public finance market are not known at this time, it is possible that the lower corporate tax rate will reduce the appetite of banks and insurance companies for tax-exempt debt, and the number of bond issues directly placed with banks may decrease.

Proposed TEFRA Regulations

On September 28, 2017, the Internal Revenue Service (IRS) published proposed regulations with respect to the public approval requirements for private activity bonds under Section 147(f) of the Internal Revenue Code, commonly known as TEFRA requirements. A 90-day public comment period followed publication of the proposed regulations, but issuers may elect to apply the proposed regulations in whole (but not in part) to bond issues with a public approval that occurs on or after

September 28, 2017.

The proposed regulations retain the 14-day notice requirement for a public hearing, but expand the permitted methods of providing notice to include the issuer's website. The proposed regulations also clarified the information required to be included in the public hearing notice. In addition, the proposed regulations provide additional guidance on what constitutes an "insubstantial deviation" and the ability to cure substantial deviations in limited circumstances. The proposed regulations also address where a hearing may occur, and include special rules for mortgage revenue bonds, qualified student loan bonds, qualified 501(c)(3) bonds issued for working capital expenditures, and pooled financings for 501(c)(3) bonds.

Updated Management Contract Guidelines

Although private business use can occur when a service provider uses bond-financed facilities pursuant to a management contract, the IRS has long provided "safe harbors" for management contracts that meet certain conditions. With the release of Revenue Procedure 2017-13 on January 17, 2017, the IRS made the safe harbor conditions more flexible and less formulaic. In general, management contracts must provide for reasonable compensation and must not give the service provider a share of net profits or impose on the service provider the burden of sharing net losses. The safe harbor conditions also limit the deferral of compensation, the term of the contract, transfer of the risk of loss, control over rates and other provisions. The new safe harbor conditions apply for all management contracts entered into (or modified or extended by mutual option) on or after January 17, 2017.

IRS: Reorganization, Audits and Guidance

In May 2017, the Tax Exempt & Government Entities Division of the IRS underwent a major reorganization. The tax-exempt bond (TEB) office was combined with the office of Indian tribal governments (ITG) to form a new ITG/TEB office within the Tax Exempt & Government Entities Division. As of May 1, 2017, there is no longer a TEB director, and the new ITG/TEB office is chaired by Christie Jacobs, who was previously director of ITG. Prior to taking the position, Jacobs did not have any experience with municipal bonds. Field operations, the unit responsible for bond audits, is now led by Telly J. Meier. Meier is also an ITG specialist without previous municipal bond experience. Allyson Belsome, the previous head of field operations for TEB, is now manager of the group that is responsible for the voluntary closing agreement program, technical support, and the development of ongoing outreach programs.

In recent years, staffing for TEB field operations (i.e. audits) has reduced dramatically (from 60 agents in 2009 down to an expected 19 agents in 2018). As a result, the IRS has adopted a more streamlined and data driven approach to tax-exempt bond audits. The 2018 work plan lists five focus areas for audits this year: arbitrage of tax-advantaged bonds with guaranteed investment contracts and/or qualified hedges as well as bonds with investments beyond a temporary period; acquisition financing involving private activity bonds to determine whether the rehabilitation requirement was satisfied; non-qualified use in the disposition of financed facilities and/or excessive private business use; bonds issued with a deep discount; and private activity bonds with excessive weighted average maturities.

Each year, the IRS issues a work plan setting priorities for guidance (in the form of proposed or final regulations, revenue procedures, etc.). For 2017-18, the work plan for ITB/TEB prioritizes: remedial actions for tax-credit bonds, private activity bonds, rebate overpayment, reissuance and TEFRA (as described above, proposed regulations were released in 2017, but have not yet been adopted in final form). Of course, the work plan was prepared before the Tax Act was proposed or signed into law

and does not take into account any potential infrastructure legislation. The IRS may have to adjust its priorities to provide for implementation of the Tax Act or a possible infrastructure bill.

Commentary: Continued Risks to Private Activity Bonds

Conduit issuers, and housing issuers in particular, dodged a bullet at year end that would have come near to killing the affordable housing industry. Earlier in the year, the outlook was rosy: there was strong bipartisan support for increasing the low income housing tax credit, and a proposed bill that would have granted the increase and provided numerous improvements to the program. Then, in November, the House proposed a tax cut bill that eliminated private activity bonds, which include housing bonds subject to the state volume cap limits. The magic of those bonds - commonly referred to as "volume cap bonds" - is that their issuance provides an "automatic" housing tax credit, which attracts private investment in affordable housing. The tax credit program has enjoyed strong bipartisan support because of its ability to provide much needed affordable housing infrastructure through a true partnership between government and the private sector. It is a well-regarded and tested program that has produced millions of affordable housing units in its thirty year existence. The charitable view is that the drafters of the tax proposal were unaware of the role volume cap bonds play in the tax credit program. Any other interpretation is frightening because it demonstrates a disregard for the challenges cities across the nation face to address the housing needs of their residents.

The House version of the tax reform bill also threatened 501(c)(3) bonds that are used to finance nonprofit schools, hospitals, social service agencies, universities, museums and art institutions. Elimination of tax-exempt 501(c)(3) bonds would have increased the borrowing costs for institutions, which could result in fewer projects being completed or in increased costs being passed on to nonprofit users and clients.

Fortunately, the Senate version of the tax bill prevailed in this regard and the repeal of private activity bonds did not occur, thanks in significant part to bipartisan support for affordable housing. However, significant risks to this industry sector remain based upon reported statements by Kevin Brady, the chair of the House Ways and Means Committee and a critic of private activity bonds. He has suggested that private activity bonds should be "focused on infrastructure projects that help build and enhance the national infrastructure because they're receiving national subsidies from every taxpayer in America." Conduit issuers, nonprofit borrowers and affordable housing developers should brace themselves for the possibility that any upcoming infrastructure legislation could seek to redirect the benefit of private activity bonds to large, national infrastructure projects and away from "local" improvements, such as housing and nonprofit facilities.

Article by Alison Bengel, Deanna Gregory, Jon Jurich, Stacey Lewis, Faith Li Pettis, Jay Reich and Will Singer

February 1 2018

Pacifica Law Group LLP

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

[In the Sports-Subsidy Game, Taxpayers Always Lose.](#)

Few events unite our diverse country and bring people together like sports. No matter where we are from, which team we root for, or even if we don't care about the game itself, the highlights of Sunday's Super Bowl match-up will soon become part of our cultural lexicon and the shared American experience. Because of its role in maintaining our national identity, people may think of professional athletics like a common good, worthy of public investment. But, as personally meaningful and enjoyable as the big game may be, neither football nor any other professional sport is a public service: they are all for-profit enterprises that generate billions in private wealth for franchise owners.

This Sunday, we will watch athletes who earn an average annual salary of nearly \$3 million compete to become champion of a league that makes more than \$14 billion a year in revenue - in between commercials that cost \$5 million for 30 seconds of airtime.

Big league sports do not need to be subsidized by taxpayers.

[Continue reading.](#)

Inside Sources

by Michelle Minton

February 02, 2018

[Record \\$11Bn In Green Munis In 2017 Across U.S.; MTA In The Lead](#)

Record \$11bn in Green Municipal Bonds in 2017 across US; New York beats California as top issue; \$20bn investment forecast for 2018

London 31/01/2018 15:00 GMT: Annual US green municipal bond issuance reached a new record in 2017, passing the symbolic \$10bn mark with New York retaking the lead from California and becoming the US state with the highest 2017 issuance of municipal green bonds and the highest cumulative issuance.

Climate Bonds Initiative is forecasting \$20bn of green municipal issuance in 2018 as US cities and states ramp up climate action.

The latest Climate Bonds Initiative analysis of US municipal green bond market finds the December 31st 2017 total stood at an annual record of \$11.05bn, up from \$7.11bn in 2016. New York reached a total of \$4.59bn, followed by California's \$4.32bn for the year.

[Continue reading.](#)

ValueWalk

by VW Staff

January 31, 2017

Column: Proposed \$107 Billion Bond Isn't the Cure for Illinois' Public Pension Crisis.

A big, bold plan to save the state's debt-strapped public pension funds is being floated this week in Springfield. But don't get your hopes up.

It's not the cure to Illinois' festering financial crisis.

An influential state employee advocacy group, the State Universities Annuity Association, is urging Illinois to issue \$107 billion in bonds to pay off shortfalls in the state's five leading pension funds.

Yep, that's a whopping \$107 billion — backed by taxpayers who will be on the hook, especially if this deal goes bad. And the odds of that occurring look pretty good.

"It's a big gamble," says Howard Cure, director of municipal bond credit research for Evercore Wealth Management in New York.

While full details of this plan are expected to be unveiled Tuesday before a state panel, bond and public finance experts are already highly skeptical. They're concerned it will add to Illinois' pension burdens — now estimated at \$130 billion in unfunded liabilities and growing — and further hinder the state's sorry overall financial health.

Let's start with the bond market.

At \$107 billion in 27-year fixed-rate bonds, it would be the largest amount of debt the state ever sought from investors. Bond experts wonder if Illinois — with its record of political dysfunction, inability to pay its bills in a timely way and \$25 billion in general obligation debt — will attract enough hungry investors.

One way to lure wary backers is to spice up the bonds and sell them at above-market interest rates. Such a premium would likely attract risk-taking investors, probably from overseas funds, or deep-pocketed individuals hoping to make a killing.

But higher rates are tougher to pay off and investors' bond payments must be paid on time, says Evercore's Cure. Missing a debt payment means riling angry bondholders, who could quickly sue the state or take other legal actions to recoup their investments, he adds.

Laurence Msall, president of the Civic Federation — a nonpartisan government research group — says his organization has "serious concerns and reservations" about the proposed bond effort too.

On top of the gargantuan amount, the bond is limited to pensions and not linked to any comprehensive financial plan for improving state finances, Msall asserts. The bond's size could also impede the state's ability to seek borrowing or bond financing for infrastructure or other basic needs, he says.

Despite these somber concerns, no one should be beating up on the State Universities Annuity Association, which represents more than 200,000 current and retired employees, for leading this charge.

The group believes many initial concerns will be addressed when it reveals the details of its plan to

the General Assembly committee exploring public pension matters. It will argue that its refinancing proposal will lop \$103 billion off state pension costs through 2045 while increasing the pensions' funding levels to 90 percent.

Rep. Robert Martwick, the Chicago Democrat who heads the House pension committee, has no position on the bond plan but wants it to become part of a larger pension reform debate. In the coming weeks, the \$107 billion initiative will be fully discussed by finance experts, labor and taxpayer advocates, he stresses.

Of course, when it comes to Illinois' public pension crisis, there's no shortage of issues to chew over.

Government leaders have been doing that for way too many years with few results, mainly because of state underfunding of pensions, feisty union opposition and a provision in the state constitution that prohibits any structural changes to the funds or benefits.

Those who want to totally dump public pension plans haven't had any better luck getting around that provision.

It's a nasty trick bag because, in the meantime, the amount of public pension liabilities keeps stacking up and strapped taxpayers are increasingly responsible for paying more.

It's a mess.

But this big, bold but flawed bond plan isn't the solution to the public pension crisis.

We can't be that desperate.

Chicago Tribune

by Robert Reed

January 31, 2017

[KBRA Comments on Federal Tax Reform's Impact on Public Finance Credit.](#)

NEW YORK-(BUSINESS WIRE)-Kroll Bond Rating Agency (KBRA) has released an analysis on the impact of federal tax reform on public finance credit.

KBRA believes that the tax code modifications will affect the public finance sector over time in a number of important ways. The most immediate effect is the elimination of the tax exempt status of advance refunding bonds. The curbing of unlimited state and local tax income and property tax deductions, and the doubling of the standard income tax deduction will contribute to a more challenging environment for certain municipal entities. In KBRA's view, the impacts of federal tax reform on the public finance sector will evolve over time.

To view the report, please [click here](#).

MSRB Holds Quarterly Board Meeting.

Washington, DC -The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) met January 24-25, 2018, where it discussed industry implementation of the mark-up disclosure rule, facilitating compliance with MSRB rules and other measures aimed at regulatory efficiency.

The Board discussed its mark-up disclosure rule scheduled to take effect May 14, 2018 under which municipal securities dealers [will be required to disclose to retail investors their compensation on certain transactions](#), as part of a broader fixed-income market initiative that has been a coordinated effort with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA). The Board discussed the MSRB's ongoing efforts to address challenges associated with industry implementation of the rule, including such topics as vendor readiness, systems development, systems integration and the role of testing and validation. The MSRB is preparing additional guidance following its prior publication of a [set of FAQs](#), and the Board agreed to continue to coordinate with the SEC and FINRA to support compliance with the mark-up rule.

A strategic goal of the MSRB is to provide additional assistance to its regulated entities in complying with its rules. At its meeting, the Board discussed the work of its Compliance Advisory Group and the importance of ensuring that MSRB compliance resources are useful and reflect the needs of regulated entities. The MSRB established the advisory group in October 2017 to provide expertise and input to the Board to help inform the organization's goal to facilitate industry understanding of and compliance with MSRB rules. In addition, the MSRB is [currently seeking public and industry comment](#) on how the MSRB can best support regulatory compliance. The comment period remains open until February 9, 2018.

"We are committed to listening and incorporating feedback from both our advisory group and market participants," said MSRB Executive Director Lynnette Kelly. "We encourage general feedback in the current request for comment and recognize that in some cases, formal public comment on specific compliance materials may further benefit their usefulness."

One way the MSRB supports compliance is by providing interpretive guidance on its rules, which is also used by entities that enforce MSRB rules. The Board agreed that it will consider changes to its [policy on interpretive guidance](#) that could better promote industry understanding of and compliance with MSRB rules while continuing to maintain an effective enforcement coordination program.

The Board also began to discuss comments received on its [concept proposal regarding current practices in the primary offering of municipal securities](#) that stems from its retrospective rule review. The MSRB will continue to consider ideas provided by commenters, but the Board agreed to prioritize an efficiency initiative discussed in the concept release related to data collected from underwriters by the MSRB on Form G-32. The Board directed staff to prepare a request for comment on a proposal to auto-populate Form G-32 with additional data that is currently submitted by underwriters into the Depository Trust & Clearing Corporation's New Issue Information Dissemination Service (NIIDS) but that is not currently required on Form G-32. The request for comment will also seek input on including additional information on Form G-32 that is not currently submitted to NIIDS but that could support additional market transparency.

In another efficiency measure that developed out of the retrospective review of MSRB rules, the Board agreed to publish a request for comment on the proposed consolidation of MSRB requirements related to transactions in discretionary accounts into a single rule. The proposal also would establish limited, new requirements for other uses of discretion in customer accounts to provide clarity on dealer obligations and create greater consistency with similar rules of other financial regulators.

The Board also discussed MSRB professional qualification standards that it has determined to revise because of the October 2018 release of FINRA's Securities Industry Essentials™ (SIE) examination. [As previously announced](#), the MSRB will propose changes to the SEC to MSRB Rule G-3 to require the SIE as a prerequisite to qualification as one of four types of municipal securities representatives. The rule filing will also seek to update certain provisions of Rule G-3 to harmonize them with FINRA's professional qualification standards.

The Board concluded its meeting acknowledging that both municipal securities dealers and municipal advisors are continuing to adapt to new market regulations and agreed that the timing of new requests for comment will be carefully calibrated to allow commenters to provide meaningful feedback as they accommodate new regulatory requirements.

Date: January 29, 2018

Contact: Jennifer A. Galloway, Chief Communications Officer
202-838-1500
jgalloway@msrb.org

[Reminder: Applications for the MSRB Board of Directors are due February 16, 2018](#)

The MSRB is accepting applications for its Board of Directors from January 8, 2018 through February 16, 2018. The MSRB Board of Directors includes 11 members who are public and 10 members who are representatives of MSRB-regulated broker-dealers, banks and municipal advisors. All individuals must be knowledgeable about the municipal market. [MSRB Rule A-3, "Membership on the Board,"](#) discusses the nomination and election process, including provisions about eligibility and membership requirements.

The Board of Directors' Nominating and Governance Committee publicly announces the solicitation of applicants for vacant positions on the Board that begin in October, which is the start of the MSRB's fiscal year. The committee accepts applications for at least 30 days through the [online Board of Directors Application Portal](#); the beginning and end dates are specified in the announcement(s). Any interested individual with knowledge of the municipal securities market may apply or submit recommendations to the Nominating and Governance Committee.

MSRB staff conducts an initial review of applicants' materials to confirm their status as a public or regulated representative and ensure that all necessary information and documentation is provided.

At the end of the application submission period, the Nominating and Governance Committee reviews all applications and selects candidates for interviews during the third and fourth quarter of the fiscal year. Additional documentation, including the Board Member Candidate Questionnaire and consent to a background check are required for applicants who are interviewed. After completion of the interview process, the Nominating and Governance Committee nominates selected candidates to the full Board of Directors for election. This occurs during the fourth quarter of the fiscal year and is concluded by September 30. Upon election, the new Board members are publicly announced and the complete list of applicants is published on the MSRB's website.

Questions about the application process should be directed to MSRB staff at 202-838-1349.

[Reminder: There's Still Time to Comment on the MSRB's Approach to Providing Compliance Support.](#)

[Read the Request for Comment.](#)

[GASB Request for Comment: Revenue and Expense Recognition.](#)

GASB is looking for public feedback on its **Invitation to Comment, Revenue and Expense Recognition**, which involves the development of a comprehensive revenue and expense recognition model for state and local governments.

Additional information is available in the following press links.

- [News Release](#)
 - [Invitation to Comment](#)
-

[NFMA's 35th Annual Conference.](#)

Registration has commenced for the **National Federation of Municipal Analyst's 35th Annual Conference** to be held at the Hotel del Coronado, Coronado, CA, on **May 30-June 1, 2018**.

[Click here](#) to learn more and to register.

[SIFMA U.S. Municipal Issuance Report.](#)

Monthly, quarterly or annual municipal bond issuance volumes and breakdowns for the U.S. municipal market. Volumes broken out by GO/Revenue, coupon type, callable/noncallable, new financing/refunding, and average maturity.

[Read the Report.](#)

January 2, 2018

[SIFMA U.S. Municipal Securities Holders Report.](#)

Quarterly or annual breakdowns of municipal outstanding by bond holder type.

[Read the Report.](#)

February 2, 2018

Illinois's Magic Pension Trick.

Close your eyes, issue 27-year bonds and watch liabilities disappear.

Democratic politicians in left-leaning states have been brainstorming ideas to avoid serious pension and tax reforms. The creative financial geniuses in Illinois have come up with a doozy: a magic bond that would save the state as much as it borrows.

Democrats in the state House have proposed issuing \$107 billion in bonds to backfill the state's pension funds, which are short \$129 billion. Annual state pension payments are projected to increase to \$20 billion in 2045 from \$8.5 billion—not including interest on \$17 billion in debt the state previously issued to pay for pensions.

At the request of state retirees, a University of Illinois math professor performed a crack analysis showing how the state could use interest-rate arbitrage to shave its pension costs. Under the professor's math, the state could sell 27-year, fixed-rate taxable bonds and invest the proceeds into its pension funds. This would supposedly stabilize the state's pension payments at \$8.5 billion annually, save taxpayers \$103 billion over three decades and increase the state retirement system's funding level to 90% from 40%. Can the mathemagician make House Speaker Michael Madigan disappear too?

The professor based his analysis on pension obligation bonds issued under former Gov. Rod Blagojevich in 2003 with a 5.05% coupon that have earned on average 7.62% in the pension system. But that period included two bull equity markets, and even the state pension funds project only a 7% long-term return.

Illinois's borrowing costs have also increased as its credit rating has slipped to a notch above junk from double-A. Last year the state's taxable bonds due in 2035 traded at yields up to 7.2%. Investors may demand even higher rates because of the substantial interest-rate and credit risk given rising rates and the length of the 27-year bonds.

These magic bonds wouldn't carry the state's "full faith and credit" protection, for whatever that's worth nowadays in Springfield. In effect, public workers' pensions would be the bond security.

Two relevant precedents are the cities of Detroit and Stockton, California. Both borrowed to finance pensions and then later defaulted. Creditors had no recourse when the cities went bankrupt. States can't file for bankruptcy under federal law, but Illinois lawmakers could seek to extend maturities or reduce interest payments on the bonds. Good luck to creditors in court.

The real goal with these bonds is to shift the pension-liability risk from public workers and retirees to investors and taxpayers. This would liberate politicians to spend more and remove any incentive unions have to reform pensions. After borrowing for pensions in 2003, state lawmakers skipped payments, increased spending and scrapped retirement reforms for new workers.

Republican Gov. Bruce Rauner won't fall for this ruse. But if a Democrat defeats him this fall, unions may pull this magic bond out of their bag of political tricks.

The Wall Street Journal

By The Editorial Board

Feb. 4, 2018

Climate Change Could Swamp Your Muni-Bond Portfolio.

California localities warn of disaster when suing oil companies. So how come they don't tell investors?

By the end of this century Oakland, Calif., will be experiencing a "100-year flood" every week. At least that's what the Oakland city government argued last year, when it filed a lawsuit against several oil companies for contributing to climate change. The city forecasts that rising water levels in the San Francisco Bay will threaten the sewer system and other property "with a total replacement cost of between \$22 billion and \$38 billion."

Suppose you hold some of Oakland's municipal bonds. This climate apocalypse sounds like a serious risk, right? Yet a recent prospectus for Oakland's general-obligation bonds shrugs off the threat. "The City is unable to predict when seismic events, fires or other natural events, such as sea rise or other impacts of climate change or flooding from a major storm, could occur," the prospectus states. And even if such events occur, the city can't be sure "whether they will have a material adverse effect on the business operations or financial condition of the City or the local economy."

Other California localities have told courts one thing and investors another regarding climate change. In a similar lawsuit, San Francisco claims it faces "imminent risk of catastrophic storm surge flooding." But in a bond offering last year, the city said it is "unable to predict whether sea-level rise or other impacts of climate change or flooding . . . will occur." San Mateo County claims in another suit that there is a 50% chance that a "devastating three-foot flood . . . occurs before 2030." The county uses boilerplate similar to San Francisco's to play down such risks in its communications to bondholders.

These jarring inconsistencies have led Exxon Mobil, a target of the lawsuits, to seek judicial relief. In a petition to a Texas court, the company states: "The disconnect . . . indicates that the plaintiff municipal governments do not actually believe the allegations in their complaints and that the allegations were not made in good faith." Exxon is also asking for permission to depose the lead plaintiff's lawyer, along with 15 California officials involved in filing the lawsuits.

It is possible the California officials were truthful in their attestations about their forecasts. But that means they seriously misled their investors, hoping they could ding deep-pocketed oil companies while continuing to borrow cheaply in the municipal bond markets.

This is not an uncommon practice. As a longtime investor in sovereign bonds, I can attest to the "flexibility" politicians demonstrate when approving prospectuses and agreeing to bond covenants. Reneging on contracts and explaining away misrepresentations are standard operating procedure for the political class in localities, states, countries and territories such as Puerto Rico.

Investors are relatively powerless in the face of such government dissembling. Besides selling their bonds, their only recourse is the courts. And because politicians readily spend taxpayer money to draw out the legal process, this option is generally too lengthy and unpredictable to be worthwhile.

But this case may be different thanks to the astonishing presence of contemporaneous, and directly contradictory, legally binding statements. This could prompt the Securities and Exchange Commission to abandon its hands-off approach and require state and local governments to disclose

to investors risks arising from climate change, rather than allowing them to equivocate.

States and municipalities facing climate-change-associated risks would suffer a significant blow to their credit ratings, according to a Moody's Investors Service report issued in November 2017. Municipalities that sought big paydays from major oil companies may end up with a bitter second prize—more disclosure and higher borrowing costs.

Plaintiffs' lawyers probably never intended that their war on the fossil-fuel industry would end up shining a light on the perilous state of local public finances. But wars have a funny way of creating unintended consequences. If the unqualified statements made in court about the impact of climate change are even half true—regardless of the cause—the finances of many of California's coastal cities could soon be underwater.

The Wall Street Journal

By Jay Newman

Feb. 2, 2018

Mr. Newman is a former hedge-fund manager who specialized in sovereign debt.

[FINRA Proposes Changes to the Securities Industry Essentials Examination.](#)

To eliminate duplicative testing of general securities knowledge on the current representative-level qualification examination, FINRA has recently filed with the Securities and Exchange Commission a proposed rule change to restructure its representative-level qualification examination program. View the notice [here](#).

When the rule proposal is officially filed with the SEC and published in the Federal Register a 21-day comment period will begin. The BDA will submit a comment letter and will reach out to membership about a comment letter draft.

The proposed rule change, which is set to become effective on October 1, 2018, will restructure the examination program so that all new representative-level applicants must pass both the Securities Industry Essentials (SIE) examination and a revised representative-level qualification examination, such as the revised General Securities Representative (Series 7) examination, appropriate to their job functions at the firm with which they are associating before their registrations can become effective.

The **implementation date of October 1, 2018**, is set to coincide with the implementation of the restructured representative-level examination program.

The rule change also proposes that the SIE be divided into the following four sections:

- Knowledge of Capital;
- Understanding Products and their Risks;
- Understanding Trading, Customer Accounts and Prohibited Activities; and
- Overview of the Regulatory Framework.

The number of questions on the SIE examination will be 75 scored multiple-choice questions and

candidates will have one hour and 45 minutes to complete the examination.

The SIE content outline will be made available on FINRA's website no later than April 1, 2018.

February 1, 2018

[Bond Dealers of America: 2017 Year in Review](#)

[Read the BDA Report.](#)

[Fitch: US Tax Bill Could Pressure Power Sector.](#)

Fitch Ratings-New York-30 January 2018: The Tax Cuts and Jobs Act will pressure participants in the US power sector in different ways in the short run, Fitch Ratings says. Passing federal income tax reductions and returning excess accumulated deferred income taxes (ADIT) to customers through lower investor-owned utility rates could raise competitive pressures for public power and cooperatives, and be a credit negative for some corporate power issuers, including regulated utilities and utility holding companies.

The trend toward lower customer rates has already begun. Investor-owned utilities and their respective rate regulators in Illinois, Massachusetts and Oregon have already announced plans to direct their savings from the lower corporate taxes to ratepayers, rather than shareholders. This week, regulators and some state attorneys general sent a letter to the Federal Energy Regulatory Commission asking FERC to make a similar change.

We believe public power and cooperative utilities could face competitive rate pressure in some markets. However, that is not likely to be a material credit factor. Service areas with direct competition or where regional sensitivity to investor-owned utility rates exists will be the most exposed.

In general, the growth in US household income has made electricity costs a more affordable portion of a consumer's budget, easing rate pressures for most public power and cooperative issuers. Going forward, favorable operating conditions (including low natural gas prices and interest rates) and modest economic growth (Fitch forecasts at 2.5% in 2018 and 2.2% in 2019) should help sustain the public power and cooperative sector trend of improving financial metrics.

The impact on corporate ratings could be mitigated if state regulators balance the aim to lower rates for customers with the creditworthiness of utilities in their purview. The impact on corporate ratings will also depend on the amount of headroom an issuer has to absorb the leverage creep. Holding companies are more vulnerable given the elevated leverage profile for many driven by past debt-funded acquisitions.

Over the long run, the tax change's impact on public power issuers is likely to be negligible as the potential competitive pressures are only likely in the short term. The tax change could also be mildly positive for corporate issuers over the long run. We do not anticipate a long-term impact on the public power and cooperative sector.

Fitch: US States' Economic Growth Diverges from Revenue Growth.

Fitch Ratings-New York-29 January 2018: The contrast of broad U.S. economic growth versus tepid state revenue growth and uncertain budget outlooks highlights a rising risk to some states' long-term credit profiles says Fitch Ratings. Weak revenue growth already took a toll on some states' fiscal results. We expect this trend to continue in the coming fiscal years.

The Bureau of Economic Analysis reported last week that quarterly real state GDP grew in every state in 3Q17 for the first time since it began reporting the data in 2005. State tax collections grew slower and less consistently through 3Q17, according to the US Census Bureau.

The budget issues are indicative of long-term credit challenges posed by revenue growth that lags economic growth. States have typically used growing revenue in economic expansions to restore structural budget balance, fund new priorities and build up reserves. A permanent decoupling of this link could gradually pressure the typically robust state revenue frameworks. A state's revenue framework is one of four key factors driving Fitch's credit analysis - the strongest frameworks show growth potential above national GDP and reflect revenue systems best positioned to capture economic growth. Despite widespread economic growth, the National Association of State Budget Officers (NASBO) reported that 22 states made mid-year budget cuts in fiscal 2017 and mid-year budget reports and executive budget proposals released to date indicate some will report deficits for the current and upcoming fiscal years.

Real GDP growth in 3Q17 (annualized) varied from a low of 0.5% for South Dakota to a high of 5.7% in Delaware, and the median across all states was 3.0%. Similarly, real national GDP growth also accelerated in recent years reaching 3.2% in 3Q17. Fitch estimates full-year US GDP growth to be 2.3% in 2017 and forecasts 2.5% in 2018 and 2.2% in 2019.

Real yoy growth in state tax collections was just 0.4% in 3Q17 and lagged real yoy national GDP growth since 2016. Previously, state tax collections and national real GDP growth were more correlated with state tax collections typically growing or shrinking more aggressively. Individuals and corporations that anticipated federal tax reductions may have played a role in the more recent decoupling. Policy adjustments by individual states may skew results from year to year.

State fiscal results and plans indicate the toll the trend has had on budgets. The 22 states NASBO reported on made mid-year cuts in fiscal 2017. This was the highest number since fiscal 2010 when nearly all states were managing the Great Recession's repercussions - the \$3.5 billion of cumulative deficits in fiscal 2017 was much lower than the roughly \$20 billion in fiscal 2010, indicating less severe but widespread fiscal challenges. Declines in states' fiscal 2017 year-end total balances reflect this revenue weakness as 31 states reported lower balances to NASBO than the prior year. Total balances were \$72 billion at the end of fiscal 2017, or 9% of spending, down from \$81 billion, or 10% of spending, in 2016. The 2017 levels were also below the pre-recession peak of 12% of spending.

Revenue uncertainty and budget tension will continue in the current and future budget years. Some states have reported modest current year deficits. Rhode Island's \$60 million shortfall, just 2% of the budget, is one. However, projected budget holes for upcoming years appear more significant. Kentucky's roughly \$2 billion gap for the upcoming biennium, to address a ramp up in pension funding, would be 10% of the budget. Federal tax changes and related shifts in taxpayer behavior will also cloud the revenue picture for states.

Municipal Bonds Head to Worst Rout Since Trump's Win.

- **State, local government debt tumbled along with Treasuries**
- **'We could still see a slow and steady grind up in yields.'**

U.S. state and local government bonds headed toward their biggest weekly drop since President Donald Trump's election, joining a selloff in the Treasury market amid speculation that a pickup in hiring may cause the Federal Reserve to raise interest rates more aggressively.

The yield on top-rated 30-year debt climbed 5 basis points Friday to 3.03 percent, the highest since May, after the Labor Department reported that payrolls grew in January at a faster-than-expected pace. Those yields have risen about 18 basis points this week, marking the steepest rise since Trump's victory raised concerns that inflation would accelerate.

The rout for municipals was driven by the global bond selloff, said Dawn Daggy-Mangerson, a managing director at McDonnell Investment Management, which has been selling shorter-term debt and buying bonds maturing in 10 to 15 years. The rise in yields was in line with the jump in those on Treasuries this week.

Municipals are "not going to be able to withstand this big of a move," said Daggy-Mangerson, whose firm holds about \$7.5 billion of state and local debt.

While analysts have predicted that municipal bonds would benefit from a drop off in supply this year, the market's slide since January has upended some short-term forecasts. Jonathan Law, vice president and portfolio manager for Advisors Asset Management, which oversees about \$325 million in municipals in separately managed accounts, said he thinks the decline may not be over.

"You have to wait for things to play out," he said. "I think we could still see a slow and steady grind up in yields."

Bloomberg Markets

By Amanda Albright

February 2, 2018, 12:15 PM PST

Municipal Bond Sales Hit Seven-Year Low.

- **Issuance fell to \$16 billion, down 50 percent year-on-year**
- **Municipal market delivers negative return of about 1.1 percent**

Municipal-bond analysts' forecasts for January were half right.

Widespread predictions that sales of new debt would tumble were prescient, with issuance sliding to about \$16 billion, half what it was a year earlier. But they were wrong that the slowdown — coupled with a surge of cash looking to be reinvested — would deliver solid returns. Pulled down by the Treasury market's selloff, state and local government bonds are poised for their first January loss since 2011 and the biggest for the month since at least 1981, according to the Bloomberg Barclays index.

It “took a lot of people by surprise, including me,” said Gary Pollack, the head of fixed income trading and research at Deutsche Bank AG’s private wealth division, who was among investors who snapped up bonds in December, anticipating that they’d fare well because provisions in the federal tax overhaul promised to reduce tax-exempt debt sales.

“I think this could continue, and that is my fear,” he said. “It wouldn’t be pretty, it would be a continuation of ugly performance.”

The selloff in the Treasury market turned a usually winning month into a losing one, with the municipal market delivering negative returns of about 1.1 percent. January returns have typically been driven by a drop in new issues just as investors receive interest and principal payments.

This year, the slowdown was exaggerated by a record-setting wave of bond deals last month, as state and local governments rushed to borrow before the federal tax overhaul blocked them from selling tax-exempt debt for advance refundings, a key type of refinancing. January’s issuance was the slowest start to a new year since 2011, when long-term issuance was \$13.6 billion.

Citigroup Inc. analyst Vikram Rai said the expectations for strong monthly performance were upset by speculation about rising interest rates, diminished buying by banks and insurance companies and concern among some buyers about the consequences that the federal tax changes would have on high-tax states.

“We are bullish on munis — it just takes time for these factors to take effect,” he said. “There’s cash on the sidelines but they’re holding back because of current fears. But once those fears dissipate, they will invest again.”

Bank of America Corp. was the top underwriter in January, managing more than 27 percent of the volume so far this year. RBC was the runner up, at 12.6 percent, according to Bloomberg LEAG tables.

School districts topped general obligation bond sales, comprising 21.5 percent of new issuance, led by a \$219.6 million sale by Fairfax County, Virginia. Topping the revenue bond sector were gas contract bonds, with deals by Main Street Natural Gas in Georgia and Kentucky Public Energy. The two deals alone accounted for 10 percent of all new offerings.

The competitive market accounted for about 32 percent of issuance volume. By comparison, the competitive sales made up about 23.6 percent of the long-term municipal market in all of 2017.

Empire State Dominates

New York issuers lead 2018 issuance helped by MTA and Port Authority Sales

Analysts broadly anticipate that bond issuance will fall this year, though it’s possible that provisions of President Donald Trump’s infrastructure plan may seek to spur borrowing by states and cities. Given December’s borrowing binge, though, analysts previously forecast that new muni-debt sales could fall by more than a third this year.

“The muni market is a market that runs on supply,” said Pollack. “The supply factor is an important one for the muni market and supply was actually stronger in January than I thought.”

Bloomberg Markets

By Danielle Moran and Zachary Hansen

January 31, 2018, 5:25 AM PST

[Bloomberg Brief Weekly Video - 2/1](#)

Taylor Riggs, a contributor to Bloomberg Briefs, talks with editor Joe Mysak about this week's municipal market news.

[Watch video.](#)

Bloomberg

February 1st, 2018

[The Week in Public Finance: Nassar Scandal Could Prompt MSU Downgrade, Tax Reform in the States and Green Bond Growth.](#)

A [roundup](#) of money (and other) news governments can use.

GOVERNING.COM

BY LIZ FARMER | FEBRUARY 2, 2018

[Tax Reform Moves to the States: State Revenue Implications and Reform Opportunities Following Federal Tax Reform.](#)

Key Findings

- States incorporate provisions of the federal tax codes into their own codes in varying degrees, meaning that federal tax reform has implications for state revenue beyond any broader economic effects of tax reform.
- Because the base-broadening provisions of the new federal tax law often flow through to states, while the corresponding rate reductions do not, most states will experience a revenue increase. The vast majority of filers will receive a tax cut at the federal level, but they could easily see a state tax increase unless states act to prevent one.
- Eighteen states and the District Columbia have “rolling” conformity with the Internal Revenue Code, meaning that they will conform to relevant provisions of the new federal law automatically, while nineteen must update their fixed-date conformity statutes to adopt the new provisions. The remaining states only conform selectively.
- The largest revenue increases will be in states which conform to the now-repealed federal exemption, either directly or by linking their own personal exemptions to the number of exemptions claimed at the federal level. States which conform to both the standard deduction and the personal exemption will also experience a revenue increase.
- Six states will incorporate the new 20 percent deduction for pass-through business income unless they decouple from the provision or change their income starting point from federal taxable income to federal adjusted gross income.

- Unless they act, most states will not conform to an important pro-growth element of federal tax reform, the provision providing for immediate expensing of investments in machinery and equipment. The additional revenue from base broadening elsewhere may provide an opportunity to conform to this provision.
- States which include Subpart F income, a component of income for multinational businesses, in their base may receive a repatriation windfall, but should avoid building this one-time revenue into their budget baseline.
- States anticipating additional revenue should view this as an opportunity to make their tax codes more competitive. In the past, federal tax reform has initiated a round of state tax reform as well.
- State fiscal offices have an obligation to provide critical revenue estimate information to legislators during the 2018 legislative sessions.

[Continue reading.](#)

Tax Foundation

January 31, 2017

[3 States Plan to Sue Over New Tax Law. Here's Why They Might Lose.](#)

Connecticut, New York and New Jersey say that GOP tax policies unduly punish their populations. Some doubt whether their claims would stand up in court.

Governors from three Northeast states have announced plans to sue the federal government for discriminating against their taxing structure. But tax experts say their legal justification for doing so seems dubious at best.

The heads of state of Connecticut, New Jersey and New York have announced plans to file a joint lawsuit claiming that the federal government's new cap on deductions for state and local taxes, put in place by the Republican tax overhaul plan signed into law last month, is unjust because it targets wealthier states. Although no legal strategy has been announced, statements made by New York Gov. Andrew Cuomo suggest the lawsuit could use the U.S. Constitution's equal protection clause and the 10th Amendment protecting states' rights.

But that argument — that the law is unconstitutional because it affects different states in unequal ways — is a weak one, says Tax Foundation expert Jared Walczak.

Practically everything Washington does impacts states unevenly. For example, Florida and other states with higher retiree populations get more federal Medicare and Social Security dollars than other places. Meanwhile, the alternative minimum tax, which is designed to keep wealthy taxpayers from using loopholes to avoid paying taxes, targets a lot of residents in places like California, Connecticut and New York.

"And no one has suggested that the alternative minimum tax is unconstitutional," Walczak says. "[Cuomo's statements represent] a very novel argument and not one that is usually credited to the equal protection clause."

Capping the state and local tax deduction to \$10,000 was one of the ways Congress tried to offset the cost of lowering federal income tax rates under tax reform. The cap, combined with new limits on the mortgage interest deduction, is expected to generate an additional \$668 billion over the next

10 years, according to the Joint Committee on Taxation. Although Republican and Democratic lawmakers in states with higher taxes fought unsuccessfully against the cap, the policies were generally seen as disproportionately impacting more liberal-leaning states.

“It has nothing to do with sound policy,” New Jersey Gov. Phil Murphy said while announcing the impending lawsuit. “It is clear: It is punishment.”

But Congress has nipped and tugged the state and local tax deduction before.

When the federal income tax was first instated in 1913, all state and local taxes not directly tied to a benefit were deductible against federal taxable income. Then in 1964, Congress limited deductions to property, income, sales and motor fuel taxes. Fourteen years later, motor fuel taxes were eliminated from qualifying. And in 1986’s tax reform, sales taxes were eliminated from deductibility — a move that disproportionately impacted taxpayers in states with no income tax. In 2005, Congress reinstated the sales tax deduction but only allowed taxpayers to deduct either income taxes or sales taxes (not both).

“So, over the years, Congress has apparently felt like they could narrow the deductibility,” says Thomas Gais, director of the Rockefeller Institute of Government. “I’d assume they imagine they can get rid of the whole thing if they wanted to.”

Where the states might have a more credible argument, Gais says, is in Cuomo’s statement that the new federal tax law destroyed a century-old tax structure between the federal government and the states.

“The feds and the states share responsibility,” says Gais. “[States] need to be able to raise money, especially when there are healthcare proposals that would limit Medicaid expenditures and probably other budget cuts coming at the federal level.”

Indeed, no one is disputing the fact that capping how much taxpayers can deduct in state and local taxes from their federally taxable income makes it harder for high-tax states to raise taxes in the future. But Walczak and Gais both said they doubt that amounts to a 10th Amendment violation of a state’s right to govern itself. They note that if anything was going to crowd out states’ ability to raise taxes, it would have been during the 1950s and ‘60s, when the federal top marginal income tax rate was 91 percent.

In fact, Walczak says, high-tax states’ uproar over capping the deduction is in conflict with the argument often heard within those states that tax rates play a minor role in businesses’ and individuals location decisions.

“New Yorkers may favor a larger government and if they want to pay for it, that’s a New York decision,” Walczak says. “So maybe what we’re hearing is that New Yorkers aren’t as willing to subsidize that as leaders have been saying.”

GOVERNING.COM

BY LIZ FARMER | JANUARY 30, 2018

[**Tax Benefits of Investing in O-Zones.**](#)

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Economic Innovation Group | Feb. 1

[Opportunity Zones: A New Tool for Community Development .](#)

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["Investing in Opportunity Act" A New Community Resource.](#)

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[Tax Reform Incentives for Investments in LI Communities: Holland & Knight](#)

[Read the report.](#)

Holland & Knight | Feb. 1

[Understanding the Investing in Opportunity Act: CDFA Webinar](#)

Thursday, February 15, 2018 | 1:00 PM Eastern

Overview

Around the country American communities are experiencing highly uneven economic development, resulting in large, regional pockets of disinvestment and unemployment. The recently enacted Investing in Opportunity Act aims to correct the aforementioned economic imbalances by incentivizing groups - through the temporary deferral of a tax on capital gains - to invest in distressed areas. In this CDFA webinar, learn from our expert panelists how the Investing in Opportunity Act works, when the program will begin, and a host of other important details essential to understanding this new federal program.

Register in advance to confirm your participation and receive login information. Registration is free and open to all interested stakeholders.

[Click here](#) to learn more and to register.

[Credit FAQ: S&P Global Ratings Clarifies Its Rating Action And Display Of Ratings Following Various Credit Enhancement Rating Withdrawals.](#)

Recently, S&P Global Ratings withdrew various credit enhancement program ratings. In this report, we address frequently asked questions we have received from market participants to provide greater clarity on how we proceeded with the withdrawals.

[Continue Reading](#)

Jan. 29, 2018

[S&P: Dark Store Tactic By Big-Box Retailers Could Pressure U.S. Municipal Budgets And Credit Quality.](#)

Household name big-box retailers and home improvement stores such as Lowe's, Home Depot, Sam's Club, Wal-Mart, Target, and Kohl's have begun using a controversial new legal tactic to appeal their assessed valuations and reduce their property tax bills in several states across the U.S.

[Continue Reading](#)

Jan. 29, 2018

[Diagnosis - Unhealthy Financials Cause Another 501\(c\)\(3\) Hospital To Lose Its Favorable Tax Status.](#)

A few months ago, I wrote a [blog post](#) about a hospital that had its Section 501(c)(3) status revoked by the IRS. In that case, the IRS found that the hospital had committed willful and egregious violations of the Patient Protection and Affordable Care Act (the "ACA"). For example, the hospital was not conducting a community health needs assessment every three years as required by the ACA, and was not shy about telling the IRS that the hospital had neither the financial wherewithal nor the employees to conduct a needed assessment every three years.

[Continue Reading](#)

The Public Finance Tax Blog

By Cynthia Mog on January 30, 2018

Squire Patton Boggs

[New Tax Law Means Fighting Over Unfunded State Pension Plans is About to Get Worse.](#)

The recently enacted U.S. tax law restricts federal deductions for state and local taxes (SALT) to \$10,000 — including local property and sales taxes as well as local income taxes. While this new restriction will have many implications, it will have a particularly draconian impact on states with large unfunded liabilities for pension benefits and retiree health care, in particular the residents of Illinois, Kentucky, Connecticut, and New Jersey.

Unless states can implement effective ways to circumvent the SALT restriction, they will face much higher political barriers to meeting their unfunded benefit obligations through increased tax revenues. Instead, states will be forced to severely cut spending on public services and/or adopt major reforms of their benefit plans.

A state has payment obligations from three main sources — interest on its outstanding bonds, unfunded liabilities for pension benefits, and unfunded liabilities for health care payments to state retirees (before Medicare at age 65). The interest on outstanding state bonds is relatively easy to estimate; the total outstanding amount of all state bonds was \$500 billion in 2016. With the advent of improved accounting rules, it is now possible to compute the unfunded pension and retiree health care liabilities of each state.

[Continue reading.](#)

The Brookings Institute

Robert C. Pozen

Thursday, January 11, 2018

[Assessing and Managing the Risks Posed by Climate Change to State and Local Governments: A Brookings Institute Webinar](#)

Climate change poses substantial risks and challenges to state and local economies and their governments. How do credit rating agencies assess and manage these risks? Do municipal bond markets take them into account if at all? Should they? Do rating agencies and bond markets give credit for building resilience? How should state and local governments gauge the risks posed by climate change? How urgent is this? Who is leading the way and what can we learn from them?

Join us on **February 13, 1:00-2:30 pm EST** for a webinar on these topics. We'll begin with presentations by Kurt Forsgren (Managing Director and Sector Leader for Infrastructure in U.S. Public Finance, Standard & Poor's), Tim Coffin (Senior Vice President and Director of Sustainability, Breckinridge Capital Advisors), Joyce Coffee (LEED AP, Founder and President, Climate Resilience Consulting) and additional speakers to be announced. The presentations will be followed by Q&A with webinar participants.

The Municipal Finance Conference is sponsored by the Hutchins Center on Fiscal and Monetary Policy at Brookings, the Rosenberg Institute of Global Finance at Brandeis International Business School, the University of Chicago Harris School of Public Policy and Olin Business School at Washington University in St. Louis. The 2018 conference will be held at Brookings on July 16-17, 2018.

[Register for the webinar](#)

[Are SLGS Needed Now That Tax-Exempt Advance Refunding Bonds are Banned?](#)

WASHINGTON - Municipal market demand for state and local government series securities is certain to plummet in the wake of tax law changes that halted tax-exempt advance refundings after Dec. 31.

The vast majority of SLGS were purchased for advanced refunding escrows, municipal bond market experts say. Unlike open-market Treasuries, the maturities of SLGS can be especially tailored to match the maturities of bonds in advance refundings so yield restrictions are not violated.

The exact percentage is unknown because Treasury officials don't keep track of what SLGS are to be used for at the time of purchase.

"There is a self-certification that the funds being used for the purchase fall within the definition of 'eligible source of funds,'" Brad Benson, spokesman for Treasury's Bureau of Fiscal Services, said in an email.

Overall SLGS usage is tracked by Treasury. As of Dec. 29, there were 21,015 outstanding SLGS (bonds and notes) valued at \$94.4 billion.

Dave Erdman, director of the Wisconsin State Capital Finance Office, estimates that 90% to 95% of the SLGS his state has purchased have been used in connection with advanced refundings.

One might question whether the SLGS program is still needed.

Treasury won't comment, but its plans may become clearer when the time comes to reopen the window on SLGS purchases.

That should happen soon. Congress faces a Feb. 28 deadline to raise or suspend the debt ceiling before Treasury exhausts its extraordinary measures, which include halting SLGS sales.

Treasury closed the SLGS window on Dec. 8 when the department began taking extraordinary measures to avoid breaching the nation's debt ceiling.

"Based upon available information, Treasury expects to be able to fund the government through the end of February," Treasury Assistant Secretary for Capital Markets Clay Berry said in a statement Wednesday. "Treasury urges Congress to act promptly on this important matter."

Normally Treasury reopens the window on purchasing SLGS immediately after Congress raises or suspends the debt limit.

Erdman, who is a member of the Government Finance Officers Association debt committee, said there are good reasons for keeping the SLGS program.

"I have other transactions that I do that I need to use SLGS that are not related to an advanced refunding," he said.

Rich Moore, treasurer of the National Association of Bond Lawyers, echoed that sentiment.

“Anytime there are yield restrictions, SLGS are the correct bond issue,” Moore said, citing acquisition financing and equity defeasance of tax-exempt bonds as two examples.

“I hope they don’t discontinue it,” said Moore, a partner in the San Francisco office of Orrick, Herrington & Sutcliffe.

Erdman said the current low investment yields may make it look like lower yielding SLGS aren’t needed. “But I’ve been doing this long enough that when the investment rate increases pretty soon you are at or exceeding bond yield restrictions that you need to comply with,” he said. “While the current market may not point to it, historically we had had, and we will have, markets where instruments like SLGS are necessary.”

“Even if I was going to use cash to defease some bonds, I have to be cognizant of the yield restrictions and in order to meet those yield restrictions, I often use SLGS,” Erdman said. “There are other needs out there for SLGS over and beyond escrows that are funded with tax exempt refunding transactions.”

GFOA considers its discussions with Congress on reinstating advance refundings “to be very much alive,” said Emily Brock, director of GFOA’s federal liaison center.

The outline of the Trump administration’s infrastructure plan recently leaked to the media would allow advanced refundings of tax-exempt private activity bonds used for infrastructure.

“I think that signaled that the White House and the administration understand that advance refundings are a policy tool that can be used to free up capital for more infrastructure spending Brock said.

Sam Gruer, managing director of the New Jersey office of Minneapolis-based Blue Rose Capital Advisors, said Treasury may weigh the cost of keeping a reduced SLGS program with the benefit of providing a public service that helps state and local governments comply with tax laws on arbitrage.

“I don’t believe any municipality will be catastrophically harmed if the SLGS program is discontinued,” Gruer said. “It will be more expensive for the smaller issuers. For the larger issuers, often they don’t use the SLGS program any way.”

By Brian Tumulty

BY SOURCEMEDIA | MUNICIPAL | 01/31/18 07:09 PM EST

[Trump’s Faux-Populist Infrastructure Plan.](#)

President Trump campaigned on — and continues to promise — a populist agenda, most recently in his State of the Union address, in which he called on Congress to pass a trillion-dollar infrastructure package. But if his rubbing shoulders with Davos elite last week weren’t enough to dispel any hopes of him delivering on his populist posturing, the emerging details of that infrastructure plan surely is.

Mr. Trump’s budget proposal and infrastructure “principles” released last May, and an outline of the plan leaked last month, point to a pro-privatization approach that his pals in Davos would celebrate but would endanger basic services, enrich the private sector and force everyday people to foot the bill. The leaked plan would be a bonanza for giant corporations, prioritizing projects that raised

revenue (toll roads, higher water rates) and giving very little weight to a project's social benefit.

In his address Tuesday, Mr. Trump called for \$1.5 trillion for infrastructure, yet his top adviser on the project, DJ Gribbin, has maintained that the plan wouldn't include any new federal revenue. That means funds will come from elsewhere, like existing transportation budgets. Because revenue, not need, would be prioritized, cities could be forced to turn to so-called public-private partnerships — a less politically charged rebranding of privatization — that has often led to higher user fees. And that focus makes sense, since this administration is full of with champions of privatization, including Mr. Gribbin, Vice President Mike Pence and Gary Cohn, the National Economic Council director.

Infrastructure privatization raises costs for basic services, undermines transparency and is frequently used to keep government costs "off the books." Disastrous examples in the United States include a deal by the water company Suez and the private equity firm Kohlberg Kravis Roberts to privatize the water system in Bayonne, N.J., which has left some residents in danger of losing their homes after skyrocketing water rates.

Although business executives, national officials and other global financiers and deal-makers may disagree with Mr. Trump on trade, they are with his administration on infrastructure privatization. The World Bank, to take a prominent example, has a long history of pushing the privatization of people's most basic infrastructure need — water. Perhaps the best-known example is Cochabamba, Bolivia, where popular opposition to the privatization of the water system forced a return to a publicly run system in 2000. In another failed privatization, this time branded as a public-private partnership, residents of Manila face unreliable access, infrastructure neglect and rates that are unaffordable for many.

While the World Bank claims to have no preference between public and private infrastructure, promoting public-private partnerships remains its bread and butter. At a 2016 training event, bank staff learned "how to promote water P.P.P. projects" and convince government officials "of the interest of the P.P.P. approach." What's more, bank leadership is now evangelizing what it calls the "Cascade" approach, which prescribes the bank to "first consider private investment for projects; then public-private partnerships; and if the first two are not available then, only then, consider public finance."

The budget of the World Bank's International Development Association, which advances the bank's development priorities in the lowest-income countries, recently added \$2.5 billion to provide corporations with risk insurance, guarantees, loans and equity investments.

The Trump administration and World Bank leadership clearly have shared interests, despite Mr. Trump's threat of deep cuts to development funding. The bank's president, Jim Yong Kim, has raised eyebrows by offering bank staff members to advise Mr. Trump on infrastructure policy. At a World Bank conference last October, Treasury Secretary Steven Mnuchin praised what he called the Cascade approach's key pillar: that the World Bank "will not provide financing if the private sector is able to do so." Perhaps this shared pro-corporate vision is why Mr. Trump has proposed funding the World Bank at levels close to the Obama-era budget last year.

As Puerto Rico's dire situation proves, the United States, like much of the rest of the world, has critical infrastructure problems to fix. But the privatization solution promoted by the Trump administration and popular among global elite is not the answer. Already, the toll that privatization takes has provoked resistance from Pittsburgh to Lagos.

Lawmakers at every level must take a stand by refusing a privatization agenda, whether from the Trump administration or the World Bank, and calling for renewed and expanded public funding. We

need a plan that increases public investment, especially federal funding, not one that yields control to profit-maximizing and unaccountable corporations.

THE NEW YORK TIMES

By KELLE LOUAILLIER

FEB. 2, 2018

[Who pays for Trump's \\$1.5T public works plan?](#)

President Donald Trump wants \$1.5 trillion for infrastructure. All he needs is a way to pay for it.

Lawmakers from both parties and industry representatives say they're still waiting for key details months after Trump promised a plan to restore the nation's roads and bridges. They're also skeptical about prospects for legislation that doesn't include robust federal contributions for projects and specific financing sources.

Trump urged Congress in his State of the Union speech Tuesday night to put forward a \$1.5 trillion bipartisan infrastructure bill that envisions greater reliance on local and private-sector money. His request left even some Republicans searching for more details.

While leveraging public dollars is a good start, "the question is, how are you going to pay for it?" John Cornyn of Texas, the No. 2 Senate Republican, said after the speech.

In a speech to lawmakers last year, the president mentioned a \$1 trillion infrastructure figure. That was increased to \$1.5 trillion after his team met with state and local officials who showed enthusiasm for the plan and its incentives, a White House official said. The administration has proposed contributing at least \$200 billion in federal funds over 10 years to spur spending by states, localities and the private sector.

A fact sheet released along with the State of the Union address said half of the funds would go toward generating state and local investments in infrastructure. That would be achieved by offering grants with preference given to applicants that generate their own revenue for projects, administration officials have said.

The White House said Wednesday it plans to send detailed principles to Congress in the coming weeks, after the legislative calendar and a government shutdown caused a delay in the public rollout of the plan.

Republican lawmakers will be discussing infrastructure at their policy retreat Thursday in West Virginia, said Rep. Cathy McMorris Rodgers of Washington, the chairwoman of the House Republican Conference. Trump spoke to the group Thursday, and Transportation Secretary Elaine Chao and National Economic Council Director Gary Cohn will participate to discuss the administration's proposal, McMorris Rodgers said.

"If we could find a way to pay for it, I believe that the Republicans and the Democrats would love to be able to move forward and deliver a major infrastructure package for the country," McMorris Rodgers said at a news conference. "The question is, how do we pay for it?"

Republican Charlie Dent of Pennsylvania, a retiring member of the House Appropriations Committee, also said that financing is the big question. “We’re going to need a recurring source of revenue on infrastructure,” he said after Trump’s speech.

The administration has pointed to unspecified budget savings to account for the \$200 billion federal contribution, saying it’s open to conversations about other funding sources or a larger figure, but wants to negotiate those details with lawmakers.

“Without real federal funding to address the huge backlog of desperately needed improvements to the nation’s roads, bridges, public transit, airports, water systems, and other critical assets, it’s an empty promise,” Dave Raymond, president and chief executive of the American Council of Engineering Companies, said in a statement.

Congressional hurdles

Key Congressional Democrats Trump needs to pass a bill have already said \$200 billion from the federal government isn’t enough. They doubt Republican leaders will approve more spending in a mid-term election year after passing the \$1.5 trillion tax overhaul, which didn’t allocate money for infrastructure.

“The only way there will be funding for infrastructure will be by a very strong push for it by the White House,” said Rep. Peter DeFazio of Oregon, the top Democrat on the House Transportation and Infrastructure Committee.

Some governors and mayors also say they’re already doing their fair share, and that they need a more reliable federal partner. Twenty-six states have raised or adjusted their motor-fuel tax rates and other fees during the past five years, and voters in 20 states approved \$4.25 billion in new and continued financing for infrastructure in Nov. 7 ballot issues alone, according to the American Road & Transportation Builders Association.

“The cities are doing most of it now in terms of the existing infrastructure that we’ve got,” Little Rock Mayor Mark Stodola, president of the National League of Cities, said at an event in Washington on Jan. 18.

Industry groups are focused on stabilizing the Highway Trust Fund, which uses federal fuel taxes to pay for transportation and transit projects. Congress has kept the fund solvent with transfers from other sources, and it is projected to become insolvent by 2021 without additional money, according to the Congressional Budget Office.

Organizations including the U.S. Chamber of Commerce are calling for an increase in the gas tax — which hasn’t been raised since 1993 — as the most efficient way to raise more money, though the idea still faces Republican opposition in Congress.

Rep. Bill Shuster of Pennsylvania, chairman of the House Transportation and Infrastructure Committee, told reporters he brought up the gas tax at the Republican policy retreat and the response was mixed.

“Nobody wants to raise any taxes, but this is something that’s understandable and efficient,” Shuster said. “If you did 15 cents — that’s a cup of coffee a week or two bottles of water.”

Shuster said one concept being explored is asset recycling, which involves selling or leasing airports and other public facilities to the private sector to raise money for projects, a concept Democrats generally oppose. Australia had such a program, and officials from that country have pitched the

idea in the U.S.

The American Trucking Associations has proposed a 20-cent-per-gallon fee on all transportation fuels at the wholesale level over four years to generate as much as \$340 billion in highway funding over 10 years. A funding source will be needed to get a bill through Congress, said Chris Spear, the group's president and chief executive officer.

"It really comes down to, do you want to make a statement, or do you want to win?" Spear said "To win, you have to put real money on the table."

Bloomberg News

February 1, 2018

[Vermont's Push to Match Local Bond Investors with Local Projects.](#)

The Vermont Municipal Bond Bank wants retail investors to play an integral role in tackling some of the state's infrastructure needs.

The agency announced Thursday the approval of six new loans totaling around \$7.8 million for capital projects across Vermont that will be funded through its first-ever offering of local investment bonds. Executive Director Michael Gaughan said the local investment bond designation allows the bank to expand its reach with individuals able to purchase the bonds in smaller increments as low as \$1,000.

"Our local investment bonds are definitely part of a growing effort by many issuers to get more people to invest locally," said Gaughan, a former public finance director at PNC Capital Markets (PNC), who began his role with the Vermont Bond Bank on Jan. 2.

The Vermont Bond Bank is planning to sell \$8.2 million of the series 1 bonds during the week of Feb. 12 in a deal underwritten by lead managers Morgan Stanley (MS) and Citi. The transaction is rated AA-plus by S&P Global Ratings and Aa1 by Moody's Investors Service.

Vermont's local investment bond sale comes nearly a year after the City of Cambridge, Mass. offered its first minibond issuance featuring \$2 million of general obligation bonds to finance local infrastructure projects such as school renovations and street repairs.

Gaughan said the new offering was inspired by the State of Vermont's citizen bonds, which are available only to Vermont residents also in \$1,000 denominations.

"The difference with our bonds is that we also wanted to recognize the high impact of the loans we fund through our pooled program," said Gaughan. "Many of our borrowers are small towns and villages where an infrastructure upgrade can have a relatively out-sized impact versus a major metropolitan area."

The local investment bond designation is aimed at highlighting the community impact from the transaction targeting improvements to the municipalities of Swanton, Enosburg Falls, Grand Isle, Williston and St. Albans, along with Green Mountain Union High School. Gaughan said planned outcomes from the transaction such as producing 47,000 megawatt hours of renewable energy annually and nearly 12,000 linear feet of streetscape improvements are highlighted in the offer

sheet in hopes of attracting investors interested in “impact investing.”

By Andrew Coen

BY SOURCEMEDIA | MUNICIPAL | 02/02/18 07:11 PM EST

[Webcast Replay: S&P 2018 U.S. Not-for-Profit Charter School Outlook](#)

Jan. 31, 2018 | New York

S&P Global Ratings U.S. Public Finance held an interactive, live webcast on Wednesday, January 31, 2018 at 2:00 p.m. Eastern Time for a discussion on the U.S. Not-for-Profit Charter School sector outlook.

[View The Webcast Replay](#)

[Webcast Replay: S&P 2018 U.S. Infrastructure Outlook](#)

Jan. 30, 2018 | New York

S&P Global Ratings U.S. Public Finance held an interactive, live webcast on Tuesday, January 30, 2018 at 2:00 p.m. Eastern Time for a discussion on the U.S. Public Power, Transportation and Water and Wastewater sector outlooks.

[View The Webcast Replay](#)

[Webcast Replay: S&P 2018 U.S. Not-for-Profit Higher Education Outlook](#)

Jan. 25, 2018 | New York, NY

S&P Global Ratings U.S. Public Finance held a live, interactive webcast on Thursday, January 25, 2018 at 2:00 p.m. Eastern Time for a discussion on the U.S. Not-for-Profit Higher Education sector outlook.

[View The Webcast Replay](#)

[Webcast Replay: S&P 2018 U.S. State and Local Government Outlooks](#)

Jan. 22, 2018 | New York

S&P Global Ratings U.S. Public Finance held a live, interactive webcast on Monday, January 22, 2018 at 2:00 p.m. Eastern Time for a discussion on the U.S. State and Local Government Credit sector outlooks.

[View The Webcast Replay](#)

[Webcast Replay: S&P 2018 U.S. Not-for-Profit Health Care Outlook](#)

Jan. 17, 2018 | New York

S&P Global Ratings' U.S. Public Finance held an interactive, live webcast on Wednesday, January 17, 2018 at 2:00 p.m. Eastern Time for a discussion on the U.S. Not-for-Profit Health Care sector outlook.

[View The Webcast Replay](#)

TAX - COLORADO

[Town of Breckenridge v. Egencia, LLC](#)

Colorado Court of Appeals, Div. III - January 25, 2018 - P.3d - 2018 WL 549539 - 2018 COA 8

Town brought action against 16 online travel companies, alleging that companies were responsible for collecting and remitting taxes associated with hotel reservations.

After dismissing sales tax claim and denying town's motion for class certification, the District Court granted summary judgment in favor of companies, on town's claim for accommodation tax. Town appealed.

The Court of Appeals held that:

- Online travel companies were "brokers" of hotel rooms, rather than "lessors" or "renters" of the rooms, under town code, and thus, were not subject to town's accommodation tax;
 - Town was not excused from exhausting administrative procedures on its unpaid sales tax claim against online travel companies;
 - Relief sought by town predominantly related to money damages, and thus, district court did not abuse its discretion in denying class certification under statute permitting certification when party opposing class has acted on grounds applicable to class as whole making appropriate injunctive or declaratory relief for whole class; and
 - District court did not abuse its discretion in determining that town failed to satisfy predominance and superiority requirements of statute permitting class certification when common questions of facts or law predominate.
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