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MBFA's October 2013 Update on Municipal Tax Exemption Threats.

The Municipal Bonds for America coalition has published its latest update on the municipal tax exemption threats in light of recent Congressional action.

Debt Ceiling Deal Impact on Muni Bonds.

On October 16, Congress and the White House reached agreement to end the government shutdown and temporarily raise the debt ceiling. This agreement provides only short-term solutions- government funding runs until December 13, 2013, and the debt ceiling must again be addressed by February 7, 2014. The final deal left in place sequestration budget cuts, but did not include any specific tax provisions. The agreement also established a bi-partisan House/Senate conference committee to negotiate the parameters of a longer term budget deal-the terms of which must be finalized by December 13, 2013.

The budget conference committee is in the process of organizing a timeline for negotiations and Members and staff have not provided substantive detail on what issues they will tackle and what their final product will be. The short timespan for completing an agreement combined with the difficult task of bridging the gap between Republicans and Democrats on basic issues could prevent the budget conference committee from tackling the finer points of tax reform or negotiating a "grand bargain" during its upcoming deliberations.

MBFA is closely monitoring activities of the budget conference committee and will be meeting with select Members of the committee to press the importance of retaining the municipal exemption-both in the context of tax reform and federal budget negotiations. We will keep MBFA members apprised of developments as the work of the conference committee progresses and will seek your help if it appears that municipal bonds become a topic of debate.

Federal Tax Reform - What's Next?

Federal tax reform was out of the public eye during the debt ceiling debate, but work behind-the-scenes continues. House Ways and Means Committee Chairman Dave Camp (R-MI) reiterated this week that he intends to release a tax reform plan in the House in the coming weeks and hold a vote in the tax-writing committee before year's end. In the Senate, Sen. Max Baucus (D-MT) continues to work with individual Senators to formulate a Senate tax reform plan, but Chairman Baucus remains noncommittal on when a plan will be revealed or voted on in the Senate.

Co-sponsorship of Terry/Neal Resolution at 93.

The turmoil of the government shutdown diverted the attention of Members of Congress to other issues-meaning there is only one recent addition to the co-sponsor list for the Terry/Neal resolution supporting municipal bonds. All MBFA members are urged to look at the current list of co-sponsors for H. Res. 112, available [\[here\]](#), to determine if Members of Congress critical to your organization are co-sponsors of the resolution. If not, we urge you to contact Members in the next couple of

weeks so that MBFA can reach the goal of 100 co-sponsors by November 15th.

If you need further information on MBFA or issues raised in this update, please contact info@munibondsforamerica.org.

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