

Bond Case Briefs

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U.S. House of Representatives Release: "A Better Way: A Pro-Growth Tax Code for All Americans"

Today, the U.S. House of Representatives released ["A Better Way: A Pro-Growth Tax Code for All Americans"](#). This document represents the long-awaited outline of a federal tax reform plan that is an out-growth of dozens of hearings, meetings, and briefings conducted by the House Ways and Means Committee. BDA has carefully examined the document for insights into how the tax-treatment of municipal bonds may be altered and for other initiatives that could incentivize investment in infrastructure and municipal bonds.

- The document is very general in nature and provides a broad outline of proposed changes to corporate and individual tax laws. The following proposals outlined in the document will be of interest to issuers and investors in municipal bonds:
- The proposal contains no direct commentary on municipal bonds or the future of the current-law tax exempt status of municipal bonds. Rather, the document does reference the need to eliminate numerous deductions, exemptions, and credits that are viewed as "special interest" provisions. However, no details are provided on which deductions, exemptions, and credits may be impacted.
- The Alternative Minimum Tax is eliminated for both individuals and corporations.
- The corporate income tax rate is reduced to 20 percent. The current slate of individual tax brackets is reduced to three brackets of 12%, 25%, and 33%.
- The plan proposes to retain items such as the mortgage interest deduction and the charitable deduction for individuals and also provide for immediate expensing for corporations and indefinite net operating loss carry-forward.

This tax reform plan is expected to serve as the basis for future discussions on tax reform conducted by the House of Representatives in 2016, but mostly in 2017. The House Ways and Means Committee has promised to continue conducting hearings and briefings on tax reform matters and to gradually refine and provide further details on provisions in the plan. BDA expects that most of this activity will occur in 2017 and beyond as the House is in session for legislative business for less than 30 days between today and the end of 2016 (including an anticipated lame duck session) following the November presidential elections.

Additional Information

- You can view a summary of the tax plan [here](#).
- You can view the Washington Post's coverage [here](#).

For more information on the Municipal Bonds for America coalition, please visit our website: www.munibondsforamerica.org