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## **Treasury Department Releases 2016-17 Priority Guidance Plan for Tax-Exempt Bonds - And It's Already About One-Third Complete!**

On August 15, 2016, the Treasury Department released its [2016 - 2017 Priority Guidance Plan](#) (the "Plan"). Tax-exempt bonds are the last category in the Plan, but the Plan lists the priority guidance categories in alphabetical order. Had these categories been listed in order of esteem, we know that tax-exempt bonds would have been [INSERT ESTEEM-BASED POSITION HERE].

Any respectable "to-do" list includes items that already have been, or soon will be, completed. This balances against the difficult items that have languished so that the person who created the list (or had it thrust upon him or her) has some sense of accomplishment. Otherwise, the creation or review of the to-do list would be the soul crushing experience that it's intended to be. By this standard, the Plan's priority guidance for tax-exempt bonds is an exceptionally well crafted to-do list. Sure, the seven items on the list include projects that have been there (and will very likely continue to be there) for years, but it also includes two items that are complete - one of which was completed before the Plan was released! So, what's the Plan for tax-exempt bonds? Read on.

Herewith are the Treasury Department's 2016 - 2017 priority guidance plan items for tax-exempt bonds:

1. Guidance on remedial actions for tax-advantaged bonds under §§54A, 54AA, and 141.
2. Regulations on the definition of political subdivision under §103 for purposes of the tax-exempt, tax credit, and direct pay bond provisions. Proposed regulations were published on February 23, 2016. As we have previously discussed ([here](#), [here](#), and [here](#)), these proposed regulations require nothing short of a page-one rewrite.
3. Revenue procedure that will update Revenue Procedure 97-13 relating to the conditions under which a management contract does not result in private business use under §141. This update was released in the form of Revenue Procedure 2016-44 on August 22, 2016.
4. Final regulations on public approval requirements for private activity bonds under §147(f). Proposed regulations were published on September 9, 2008. This is one of the languishing items that needed the ameliorative counterbalancing of a completed task.
5. Final regulations on arbitrage investment restrictions under §148. These final regulations were promulgated as Treasury Decision 9777 on July 18, 2016 (finalizing proposed regulations that were published on September 26, 2007 and September 16, 2013).
6. Final regulations on the definition of issue price for tax-exempt bonds under §148. Proposed regulations were published on June 24, 2015. As those that follow the tax-exempt bond industry and those that read our blog (there should be complete identity between these groups) know, these proposed regulations are quite controversial.
7. Regulations on bond reissuance under §150. This is another perennial task on the to-do list.

We have been summarizing and analyzing the tax-exempt bond guidance items in the Plan as they have been released (including in the iterative form of proposed regulations), so watch this space for more as the Treasury Department continues to release its tax-exempt bond guidance.

**Squire Patton Boggs - Michael A. Cullers**

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