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## Neal: Tax Reform Should Preserve Tax Exemption, Reinstate BABs.

WASHINGTON – Tax reform legislation should preserve the tax exemption for municipal bonds and reinstate Build America Bonds for infrastructure financing, Rep. Richard Neal, the top Democrat on the House Ways and Means Committee, told reporters Thursday.

But tax reform may have to wait until Republicans complete their repeal and replacement of the Affordable Care Act as they have proposed, the Massachusetts Democrat said.

Speaking at a news conference at the National Press Club here, Neal said he is "skeptical" that Congress can simultaneously tackle two projects of the magnitude of tax reform and the ACA.

Republican leaders in Congress as well as President-elect Donald Trump and Vice President-elect Mike Pence have made repealing and replacing Obamacare the top priority at the start of the new administration.

Neal said he met with House Ways and Means Committee Chairman Rep. Kevin Brady, R-Texas, last week, who told him that the GOP blueprint for tax reform released last June would be rolled out as formal legislation this year. Neal said he could not provide a more specific timeframe, but added that Brady made it clear he wants to get through tax reform "vigorously."

He said he hopes the blueprint, which does not mention munis directly but proposes to generally repeal deductions, maintains the tax-exempt standing.

The former Springfield, Mass. mayor and longtime advocate of munis cited his municipal experience, calling himself a "pro-growth believer."

"My DNA is in the mayor's office and I know how we used tax-exempt bond financing," said Neal, who was named ranking minority member of the House Ways and Means Committee in December. "It worked quite well."

Although roads, bridges and other public use projects "beg" for a large infrastructure program, Neal said, infrastructure spending is not as easy to pass as it once was. That could mean reintroducing BABs, which were a "stunning success" when they were created and used in 2009 and 2010.

Neal introduced the Build America Bonds Act of 2015 two years ago, which would have permanently reinstated and expanded the BAB program.

About $181 billion of BABs were issued before the bonds expired at the end of 2010.

"I think investing in those sorts of initiatives can return us to a connection with … the middle class," he said.

Neal also opposes the Republicans' plan to concentrate tax cuts at the top, a move that could raise

taxes on the middle class. Although tax policy is complicated and consequential, he said, he suggested bipartisan efforts should be made, similar to those of former Michigan Republican Rep. Dave Camp several years ago when he included Democratic suggestions in his tax reform proposal.

“There could be an appetite here for some common ground on tax reform,” Neal said, adding that the current system is underproductive and inefficient. “It’s stuck in the eighties. It’s a rotary phone in a smartphone world.”

However, he is critical of what he believes are GOP tax cuts that could increase the federal budget deficit.

“All of this is being done without deficits in mind,” Neal said. “I want our Republican friends to hold their party and president-elect to the same standard they held Barack Obama. Do deficits only count when there is a Democrat in office?”

Meanwhile, Brady and Neal have announced the tax policy subcommittee members for the 115th Congress. The Republicans include: Reps. Peter Roskam from Illinois; Dave Reichert from Washington State; Pat Tiber from Ohio; Tom Reed from New York; Mike Kelly from Pennsylvania; Jim Renacci from Ohio; Kristi Noem from South Dakota; George Holding from North Carolina; and Kenny Marchant from Texas.

Democrats on the subcommittee include ranking member Lloyd Doggett from Texas, as well as: Reps. John Larson from Connecticut; Linda Sanchez from California; Mike Thompson from California; Suzan DelBene from Washington State; and Earl Blumenauer from Oregon.

**The Bond Buyer**

By Evan Fallor

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