Bond Case Briefs

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The Senate Gives the House the Byrd and Retains Tax-Exempt Qualified Private Activity Bonds, Tax Credit Bonds, and Tax-Exempt Stadium Financing Bonds. Tax-Exempt Advance Refunding Bonds, However? Not so Much.

We summarized last week the tax-exempt and tax-advantaged bond provisions of the Tax Cuts and Jobs Act (the "Act"), as introduced and referred to the House Ways and Means Committee. As a reminder, these provisions, which came as a shock to state and local governments, 501(c)(3) organizations, and others involved with public finance, would eliminate the ability of state and local governmental units to issue: (1) tax-exempt qualified private activity bonds (including qualified 501(c)(3) bonds); (2) tax-exempt advance refunding bonds; (3) tax-exempt professional sports stadium bonds; and (4) tax credit bonds (regardless of whether the bondholder receives a tax credit or the issuer receives a direct payment subsidy in respect of the tax credit bond).

The foregoing provisions were included in the version of the Act that was approved today by the House Ways and Means Committee. With one notable exception – the prohibition on tax-exempt advance refundings — these provisions, and indeed any tax-exempt bond provisions, are absent from the Senate Finance Committee Chairman's Markup of the Act, which was also released today. More analysis and speculation after the jump.

Continue reading.

The Public Finance Tax Blog

By Michael Cullers and Johnny Hutchinson on November 9, 2017

Squire Patton Boggs