

Bond Case Briefs

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Municipal Bond Market Outlook - A Lot Of Uncertainty.

Summary

- As a working professional, the municipal bond market has been a preferred asset class of mine for a long time. I find the tax-exempt income preferable to alternative, taxable investment grade options.
- With a new administration in the White House that is calling for higher tax rates on corporations and the wealthy, the outlook for munis should be very bullish.
- However, there are caveats to this view. While absolute rates may go up, many Democrats are advocating for a repeal of the SALT deduction cap.
- A repeal of SALT deduction limits could actually drive down effective tax rates, even if absolute rates go up. This will limit the desirability of munis.
- Further, other provisions, like advance refundings, could see substantial changes.

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