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Tax Hikes Seen No Matter Who's President, Making Muni Bonds Attractive.

- **Muni bonds appeal grows from tax-exempt status: MacKay Shields**
- **Says even Republican sweep may not stop tax bills from growing**

No matter who wins November's US presidential election, there's a growing risk that Americans will be paying higher taxes next year, according to MacKay Shields LLC. That makes muni bonds an attractive shield.

Thanks to higher interest rates, savers that piled a record amount of cash into money market funds and grew their earnings will be facing steeper tax bills. On top of that, key individual tax cuts are due to expire just as the US's swelling deficit may prompt lawmakers to consider raising taxes, according to a mid-year report by the fixed-income boutique firm published Monday.

Buying municipal bonds offers investors — especially those in higher tax brackets — a way to cut their tax bill, since the income they generate is tax-exempt, according to the investment firm owned by New York Life Insurance Co.

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