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Kutak Rock: Tax Reform Passes Ways and Means Test

On the Hill

Around 8:00 a.m. (ET) this morning, the House Ways and Means Committee voted to approve its tax reform legislation. While there were spirited discussions on several issues during the almost 17-hour session, the tax-exempt status of bonds did not come up. All proposed amendments were rejected in favor of maintaining the language as initially released on Monday.

The legislation as just passed by Ways and Means:

- Provides a 12.5% allocation increase for 9% LIHTC transactions for 2026-2029
- Lowers the bond financing requirement from 50% to 25% for 4% LIHTC deals for 2026-2029
- Designates Indian areas and rural areas as "Difficult Development Areas" and adds 30% boost in basis for 2026-2029
- Permanently extends increased individual alternative minimum tax exemption amounts and phase-out thresholds
- Permits the full expensing for domestic manufacturing structures during year placed in service
- Renews, extends and modifies eligibility for another round of Opportunity Zones
- Allows the Treasury Secretary to suspend the tax-exempt status of any organization that the Department of Treasury determines has provided more than a minor amount of support to a listed terrorist organization

What This Means for Tax-Exempt Bond Issuers

Continue reading.

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