

November 2017

Proposed Tax Cuts and Jobs Act of 2017: Potential Impact on Tax-Exempt Bonds

The U.S. House of Representatives Committee on Ways and Means released its proposed “Tax Cuts and Jobs Act” on November 2. Along with sweeping reforms to individual and corporate tax rates and deductions, this proposed legislation eliminates the federal tax exemption for qualified private activity bonds (PABs), including bonds for the benefit of nonprofit, 501(c)(3) organizations, for PABs issued after December 31, 2017. Also eliminated are any allocations of New Markets Tax Credits after December 31, 2017 and the federal tax exemption for low income housing tax credit bonds (4% tax credits) issued thereafter.

While any passage of this broad legislation likely will include substantial revisions, we recommend that any proposed issuances of tax-exempt bonds for projects you may be undertaking that are otherwise eligible to be issued by December 31 are, in fact, closed in that timeframe. This may mean immediately contacting the state or local issuing authority or agency involved with your project to discuss accelerating any required approvals. Note that the tax exempt status of municipal/governmental purpose bonds are not impacted by this proposal.

Copy and paste into your web browser the following link to view a summary of the proposed act:

- https://waysandmeansforms.house.gov/uploadedfiles/tax_cuts_and_jobs_act_section_by_section_hr1.pdf

We will provide updates based on our continuing review of this historic piece of legislation as it evolves.

Contact Us

Please contact us to discuss any concerns and questions about your specific project.

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