

Alert | Tax/Public Finance



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Second Update on the 2017 Federal Tax Bills: Draw-down Bonds, Commercial Paper, and the Lack of Transition Rules

This GT Alert provides further updates to our previous Alert, “[H.R. 1 and Private Activity Draw-down Bonds, Commercial Paper, and the Lack of Transition Rules](#)” which discusses certain implications of the 2017 House Tax Bill in depth, and which was updated to discuss the Senate Plan and the potential impact of the Pay-As-You-Go Act of 2010 on the proposed legislation.

The House Bill

On Nov. 16, 2017, the House passed H.R. 1, which would prohibit private activity bonds, advance refunding bonds, tax credit bonds, and bonds to finance certain sports stadiums.

Senate Plan

On Nov. 16, 2017, the chairman’s mark of the Senate’s tax plan (“Senate Plan”), as amended, cleared the Senate panel and is expected to be brought to the Senate floor after Thanksgiving. The Senate plan, as amended, remains silent on private activity bonds, the use of tax-exempt bonds to finance sports stadiums, and tax-credit bonds, but like the House Bill, would prohibit advance refunding bonds issued after 2017, with no transition rule. As previously noted, the silence in the current Senate Plan does not mean that the problems discussed in our previous [Alert](#) are no longer a concern. The Senate may choose to add limits on private activity bonds as it moves forward, or the House Bill’s provisions may prevail in a Conference Agreement.

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