



# Washington Update



## CAMP INTRODUCES TAX REFORM BILL

As the 113th Congress comes to a close this week, House Ways and Means Committee Chairman Dave Camp (R-MI) has introduced H.R. 1, the Tax Reform Act of 2014, for the 114th Congress that convenes in January. This bill formalizes the tax reform discussion draft that Camp released on February 26, 2014. The document includes several highlights of interest to the municipal market:

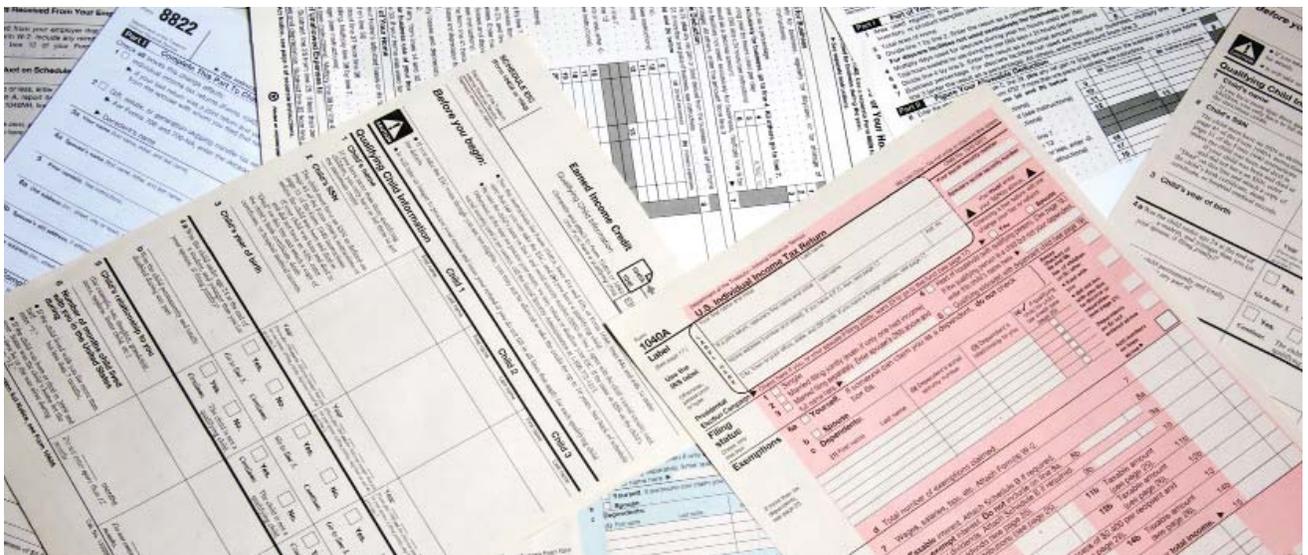
- **New individual and corporate rate structure:** Flattens the code by reducing rates and collapsing today's brackets into two brackets of 10 and 25 percent for virtually all taxable income, ensuring that over

99 percent of all taxpayers face maximum rates of 25 percent or less. The plan also reduces the corporate rate to 25 percent.

- **Eliminate the deduction for state and local taxes.**
- **Termination of private activity bonds:** Interest on newly-issued PABs would be included in income and thus subject to tax.
- **Repeal of advance refunding bonds:** Interest on advanced refunding bonds (i.e., refunding bonds issued more than 90 days before the redemption of the refunded bonds) would be taxable. Interest on current refunding bonds would continue to be tax-exempt. The provision would be effective for advance refunding bonds issued after 2014.
- **Repeal of tax credit bond rules:** The rules relating to tax credit bonds generally would be repealed. Holders and issuers would continue receiving tax credits and payments for tax credit bonds already issued, but no new bonds could be issued. The provision would be effective for bonds issued after the date of enactment.

Camp's full statement on H.R. 1 can be found at [http://waysandmeans.house.gov/uploadedfiles/hr\\_1\\_introduutory\\_statement.pdf](http://waysandmeans.house.gov/uploadedfiles/hr_1_introduutory_statement.pdf).

A detailed section-by-section breakdown of the bill can be found at [http://waysandmeans.house.gov/uploadedfiles/ways\\_and\\_means\\_section\\_by\\_section\\_summary\\_final\\_022614.pdf](http://waysandmeans.house.gov/uploadedfiles/ways_and_means_section_by_section_summary_final_022614.pdf).



## OMNIBUS BILL FINALLY PASSES, CONGRESS ADJOURNS

Although it required a multi-day continuing resolution, as well as heavy cajoling from leadership on both sides of the aisle, the omnibus spending package that would fund the government through next September finally passed over the weekend. The bill passed the House by a vote of 219-206 and the Senate by 56-40. One of the more controversial riders in the spending bill was the blocking of the approval of marijuana legislation in the District of Columbia, even

though states like Washington and Colorado already have legalization programs in place. The legalization measure was overwhelmingly passed by DC voters (by a margin of 70-30) in November's election cycle. The bill would also extend the ban on taxing consumer Internet access through the rest of the fiscal year. The bill did not include action on the Marketplace Fairness Act (MFA), which would allow states to begin collecting taxes on most online sales transactions. The MFA passed the Senate with broad, bipartisan support by a 69-27 vote on May 6, 2013, but it has stalled in the House in the year and a half since.

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