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## Proposed Extension to Build America Bonds and Other Municipal Bond Tax Provisions

The House Ways and Means Committee and the Senate Finance Committee have announced agreement on the terms of a new tax bill (the American Jobs and Closing Tax Loopholes Act) that would, among other things, extend expiring tax provisions originally enacted by the American Recovery and Reinvestment Act and enact additional tax provisions relevant to municipal bonds.

### Build America Bonds

The Build America Bonds program would be extended through 2012. The subsidy rate would be reduced to 32% in 2011 and 30% in 2012. The Act would permit the issuance of Build America Bonds to current refund outstanding Build America Bonds.

### Recovery Zone Bonds

The Act would extend the authorization for issuing Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds through the year 2011. Additionally, the Act would provide for an additional allocation of volume cap for issuance of such bonds.

### Exclusion of Private Activity Water and Sewer Facility Bonds from Volume Caps

The Act would exclude bonds that finance water and sewage facilities from volume caps and from certain limitations on tribal government bonds.

### Extension of Exemption From AMT For Private Activity Bonds

Interest on private activity bonds is currently excluded from the AMT for new money bonds issued in 2009 and 2010 and current refunding bonds issued in 2009 and 2010 that refund bonds issued after 2003. The Act would extend the AMT exemptions to private activity bonds through 2011.

### Direct Payments in Lieu of Low Income Housing Credits

The Act would extend through 2010 the program that allows state housing agencies to elect to receive a payment in lieu of a portion of the state's allocation of low income housing tax credits.

## Extension of Tax-Exempt Eligibility for Bonds Guaranteed by Federal Home Loan Bank

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The Act would extend through 2011 the program that permits tax-exempt treatment for any bond guaranteed by the Federal Home Loan Bank, regardless of whether the bonds were issued to finance housing programs.

## Small Issuer Bank Qualification Rules

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The Act would extend the increased \$30,000,000 small issuer bank qualification exemption through 2011.

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