

Dennis P. Reilly
Executive Director

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Message from the Executive Director

Private Activity Bonds Survive Tax Reform; Advance Refunding Bonds are Eliminated

Late last year, our ability to maintain access to tax-exempt financing was severely threatened. Tax-exempt financing across the country faced the most hostile challenge to its existence since the 1986 revisions to the Tax Code. The House version of the tax bill proposed eliminating the federal income tax exemption for interest earned on private activity bonds (PABs), which includes 501(c)(3) bonds. Immediately a grass roots advocacy effort erupted here in Wisconsin and across the country to maintain access to tax-exempt financing. Ultimately, and thankfully, the federal tax exemption for PABs was not eliminated in the final tax bill.

Thank you to all of the organizations that advocated on behalf of tax-exempt financing. We are extremely thankful the tax exemption for PABs was maintained for non-profits, as these organizations depend on PABs for financing critical infrastructure projects.

The loss of [advance refunding](#) bonds however is a blow to non-profits. As WHEFA board member Robert Van Meeteren stated, "We lost the advance refunding battle, but we won the war on PABs". **Please note, [current refunding](#) bonds are still permitted.**

Corporate Tax Rate Lowered

The huge reduction in the corporate tax rate to 21% from 35% will have a significant negative impact on PABs. The lower corporate tax rate will cause tax-exempt bonds to be less attractive for banks. As a result, tax-exempt bank interest rates will increase for future and possibly even outstanding bank private placements. More information to come in future newsletters and at our annual workshop in March regarding Tax Reform and the impact on PABs.

In other news

Planning is well underway for the 21st Annual WHEFA Workshop to be held on Monday, March 19, 2018 at The Ingleside Hotel in Waukesha, WI (previously known as the Country Springs Hotel). We truly hope you are able to attend as we have a great line-up of speakers and topics. Please look for your invitation in the coming weeks.

Finally, if you haven't done so already, I would urge you to read our 38th [Annual Report](#) posted to our web site. This Annual Report highlights our activity for our fiscal year ending June 30, 2017. We are proud to have been able to assist such a wide variety of borrowers (both in size and type) during this past fiscal year.

As always, please do not hesitate to call if we can be of assistance, or simply answer a question.

Best wishes for a happy and prosperous New Year.



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