



How the 2016 Elections May Shape the Municipal Bond Policy Agenda

April 8, 2016



Panelist Biographies

Hon. Thomas M. Reynolds

Former Member of Congress Tom Reynolds served in the U.S. House of Representatives for five terms, and is currently Senior Strategic Policy Advisor at Nixon Peabody. During his tenure representing New York's 26th Congressional District, Tom served in House leadership and as a senior member of the House Ways and Means Committee. He also chaired the National Republican Congressional Committee.

Mitch Rapaport

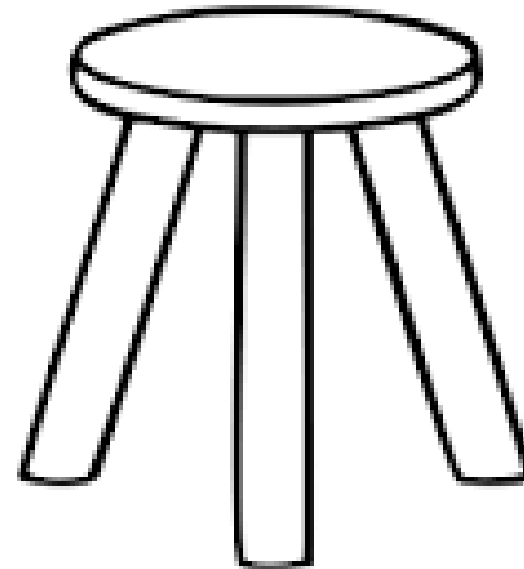
Mitch Rapaport is a former Treasury and IRS official, and a law partner at Nixon Peabody with 30 years of practice in tax and policy issues related to public finance and infrastructure finance transactions. Mitch has worked on legislative, regulatory and IRS enforcement matters involving tax-exempt finance on behalf of state and local governments, associations, investment banks and investors.

Moderator: Susan Collet

Susan Collet of H Street Capitol Strategies, LLC has over 20 years of experience advocating on Capitol Hill and has represented both issuers and broker-dealers with a focus on tax policy. She was engaged in legislation to establish and expand tax credit and direct-pay bonds in the Energy Policy Act of 2005 and economic stimulus legislation. While representing the Bond Dealers of America, Susan assembled the Municipal Bonds for America coalition to defend the tax exemption for municipal bonds. www.hstreetcapitolstrategies.com

What is Tax Reform?

Tax Reform - Spending Cuts -
Entitlement Reform



Timeline

February 17, 2009 – American Recovery and Reinvestment Act (stimulus) signed into law.

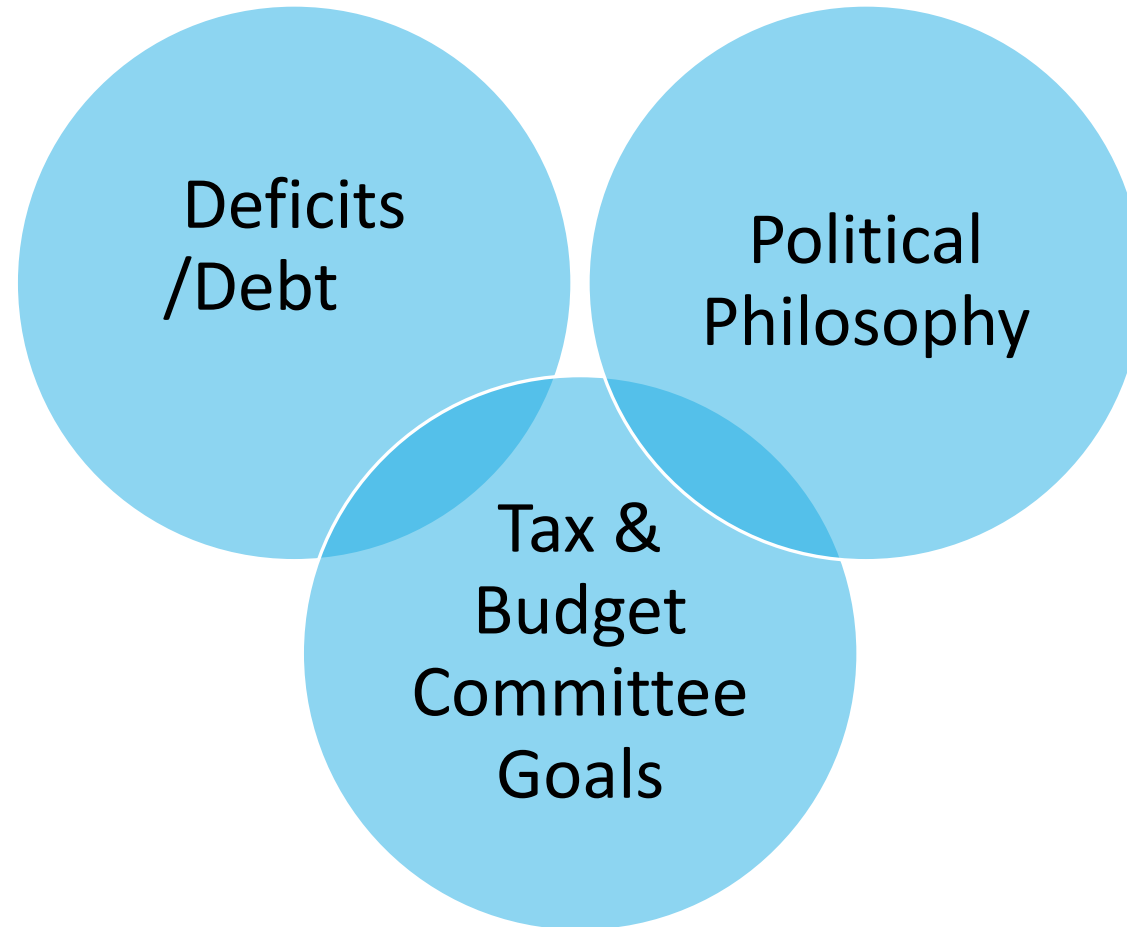
August 2, 2011 – Budget Control Act enacted, creating supercommittee and potential sequestration.

January 31, 2012 – Supercommittee terminated.

January 1, 2013 – American Taxpayer Relief Act signed into law; top tax bracket raised from 35% to 39.6%; capital gains increased to 20%

February 26, 2014 – Chairman Camp releases draft tax reform plan.

Three Factors Influence Future of Municipal Bonds



Three Factors Influence Future of Muni Bonds

Deficits/Debt

- The Fiscal Cliff Will Be Back! CBO Data:
 - Deficits are up after six year decline.
 - Debt will be 86% of GDP by 2026; in three decades, debt will be 155% of GDP.
 - Rising interest rates increase this concern.



Three Factors Influence Future of Muni Bonds

Political Philosophy

Austerity vs.....Stimulus





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Political Philosophy

Game Changers vs.....Status Quo





Three Factors Influence Future of Muni Bonds

Tax and Budget Committee Goals

- Making tax policies “permanent” makes tax reform “cheaper”
- Incremental policy changes vs “all at once” or non-targeted reform

Three Factors Influence Future of Muni Bonds

Political Philosophy

Republicans or Democrats in Congress?

- House: Republicans have largest majority since 1928 at 247 seats to 188. Democrats would need to pick up 30 seats
- Senate: Republicans must defend 24 seats to Democrats 10

Thank you!



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