

## Last Week's Big Beautiful Budget Framework: A Potential Lifeline for the Tax-Exemption

- **Continued Advocacy Needed:** There is no time to relax. To maintain improvements to U.S. infrastructure, advocacy and educational efforts in support of the tax-exemption must persist without slowing down. Although the threat has dropped, it will continue until Dec. 31, 2025. Additionally, future deficit reduction talks could pose an even stronger threat to the municipal bond tax-exemption after 2025.
- **Reduced Threat to the Tax-Exemption:** The risk of eliminating the municipal bond tax-exemption has significantly decreased to around 10% for state and local governments if lawmakers target only \$1.5 trillion in spending cuts, though the threat to private activity bonds remains high at 50% or greater.

*Tom Kozlik*

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