

Proposed Tax Increases Reinforce Tax-Exempt Municipal Bond Demand

- The House Democrats' draft proposal to pay for much of the \$3.5 trillion Build Back Better Jobs and Families proposals through tax increases reinforces the demand pattern we have seen for tax-exempt municipal bonds in 2021.
- Almost \$53 billion has flowed into municipal mutual funds in 2021 to date, per Lipper data. There were \$22 billion of net flows into municipal funds in 2020 and \$65 billion in 2019.
- SALT provisions have not been included in the Ways and Means proposal, although some lawmakers stand by their support for a repeal to the \$10,000 SALT cap.
- There remains a slim chance the \$3.5 trillion infrastructure plan will be passed into law.

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