



BDA Testifies at the IRS Public Hearing on the Proposed 'Political Subdivision' Amendments

Today, John Vahey of the BDA testified at the IRS public hearing on the proposed rule to re-define 'political subdivision'. The BDA's testimony is [here](#) and the hearing agenda can be viewed [here](#). The testimony focuses on the policy points and recommendations that BDA raised in its May 2016 [comment letter](#).

The IRS [proposal](#) to re-define 'political subdivision' can be viewed here.

Testimony Summary:

- **Withdraw and Re-propose:** The testimony urges the IRS/Treasury to withdraw the proposed rule and re-propose because, as drafted, the rule will unnecessarily disrupt the ability of public projects associated with political subdivisions to access tax-exempt financing.
- **Government Control:** Argues that the proposed federal "one-size-fits-all" approach for 'government control' is misguided
- **Government Purpose:** Urges the IRS to clarify the language in the proposal associated with "incidental private benefits"
- **Recommendations for Developer Districts:** BDA offered three policy recommendations designed to allow developer districts to continue to access the tax-exempt market if certain conditions are met.

We hope this information is helpful. Feel free to reach out to the BDA with any questions or comments.

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