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The Bond Buyer: Muni Advocacy Growing and More Focused.

A larger, more focused and more collaborative municipal market lobby has emerged in Washington, as middle-market dealers, bond lawyers and other interests seek more specific and effective representation on muni-specific issues.

That evolution of muni advocacy has been in progression for years, but was further galvanized by the market's collective shock and dismay at the assault on both advance refundings and private activity bonds that commenced during consideration of the 2017 Tax Cuts and Jobs Act. The result has been the growth of Bond Dealers of America, a much more active role for the National Association of Bond Lawyers, and more collaboration than market groups had been accustomed to before.

"I think we're representing an industry," said Mike Nicholas, BDA's chief executive. Nicholas said he believes that broker-dealers see a lot of value in a targeted Washington advocacy strategy that focuses on fixed income issues, even if they also see value in broader financial services lobbying as well.

The numbers seem to back Nicholas' assertion. Since BDA's 2008 founding in the wake of the 2006 merger between the Securities Industry Association and the Bond Market Association, it has grown from just 14 members to more than 70. In July it announced the additions of Chicago-based firms Loop Capital Markets and Mesriow Financial.

In 2008 BDA had two staff and zero outside counsel or lobbying, and today has several staffers and has law firm Nixon Peabody on retainer. The group did recently see Justin Underwood leave for American Bankers Association, and many said that his departure is a loss for the industry.

Simultaneous to BDA's growth has been an apparent withdrawal by the Securities Industry and Financial Markets Association, which the SIA-BMA merger produced. Though the group publicly maintains its commitment to muni issues and does continue to submit comments to regulators on a regular basis, many in the industry saw SIFMA's decision to let go of longtime muni lobbyist and researcher Michael Decker as a clear signal that munis are not a high priority for the group. Decker subsequently formed a "working relationship" with BDA.

About 75% of BDA members are also members of SIFMA for advocacy outside the scope of BDA, because SIFMA covers all markets worldwide and some BDA members have sizable businesses outside of fixed income.

BDA board chair Angelique David, who is executive managing director, COO and general counsel at Chicago-based B.C. Ziegler & Co., said her firm and others see an advantage in BDA's targeted approach.

"A really broad focus may or may not capture those smaller midsize firms," David said, adding that BDA members are able to call the organization at any time and get help from a staff member or lawyer.

She said Ziegler and other BDA member firms see continued value in muni-specific advocacy even though the tax issues no longer rage as hotly as they did in the fall of 2017.

Jessica Giroux, director of government affairs at NABL, also worked at BDA from 2011 until August 2017. She said that muni advocates visiting Capitol Hill earlier in her career generally focused on updates and education about muni issues, with the focus generally on saving taxpayers money with the lower cost of borrowing munis allow.

But industry groups began to coalesce around the tax reform and the threat it posed to munis, she said, including through existing channels such as the Public Finance Network, which is a broad coalition of groups representing all parts of the market. Issuers and muni advisors are also involved, working in concert with the industry where controversy doesn't exist, such as in the push to restore advance refundings.

"It has really brought us all closer together," Giroux said. "We are sharing information."

NABL has itself become noticeably more active in federal advocacy in the past year under its current President Dee Wisor, although the frequent involvement of NABL President-elect Rich Moore in that advocacy suggests the pattern will hold going forward.

An open question is whether the market's efforts, even more focused, will bear fruit in the near future. Many of the priorities of BDA and the other groups, such as an increase to the bank-qualified limit or a restoration of a Build America Bonds-like program, have not materialized despite legislation having been introduced multiple times in the past several years.

Bond Dealers of America

by: Kyle Glazier

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