

# **Bond Case Briefs**

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## **Rep. Terri Sewell to Introduce a Bill to Reinstate Advance Refundings, Other Priorities.**

We expect that later this morning Rep. Terri Sewell (D-AL) will introduce the “Local Infrastructure Financing Tools (LIFT) Act.” The bill will include several BDA and MBFA priorities, including:

- Reinstate advance refundings as they were in pre-2018 tax law. This provision would take effect 30 days after the date of enactment.
- Expand bank-qualified bonds. The bill would raise the annual issuance limit for bank-qualified bonds from \$10 to \$30 million, an index that limits annually for inflation, and apply the issuance test at the level of the borrower, not the issuer, so that it will apply to small conduit borrowers. This would take effect upon enactment.
- Instate taxable, direct-pay bonds. The bill would establish a new category of tax-preferred financing for state and local governments to be known as Qualified Infrastructure Bonds (QIBs). Similar to the previous Build America Bonds program, QIBs would be an alternative to tax-exempt financing. Issuers would sell taxable bonds and receive a cash reimbursement from the federal government for a portion of their interest expense.

Reimbursement rates would vary based on the calendar year of issuance according to the following schedule:

- 2020-2024: 42%
- 2025: 38%
- 2026: 34%
- 2027 and thereafter: 30%

Reimbursement payments to issuers would be subject to sequestration, and projects financed with QIBs would be subject to Davis-Bacon prevailing wage laws.

Rep. Sewell, a member of the House Ways and Means Committee with jurisdiction over tax law, is a former bond lawyer and has been a long-time champion of tax-exempt finance. She intends to try to include her initiative in pending infrastructure legislation. BDA worked closely with Rep. Sewell on her legislation, and we will continue to work towards its advancement.

Please or write call with any questions.

**Bond Dealers of America**

April 16, 2021