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Bipartisan Infrastructure Package Clears First Hurdle in Senate - Current Agreement Includes Multiple PAB Provisions.

Last night, the Senate voted 67-32 to move the bipartisan infrastructure agreement to debate without full legislative text - a key step in advancing the \$1 trillion dollar package. This vote sets up an extensive debate process, kick-starting a week's worth of debate and more compromise, in an effort to get the package across the finish line in the Senate prior to sending across the Capitol to the House for an early fall vote. While this is an important first step in the legislative process, expect many hiccups to arise over the next few weeks.

The updated agreement includes multiple private activity bond provisions. These provisions include:

- [The Rural Broadband Financing Flexibility Act \(S.1676\)](#) is the template for adding broadband as an allowable use for private activity bonds (PABs). This would allow states to issue PABs to finance broadband deployment, specifically for projects in rural areas where a majority of households do not have access to broadband.
- [Carbon Capture Improvement Act \(S. 1829\)](#) allows carbon capture and direct air capture (DAC) technologies to be eligible for PAB financing. Private activity bond financing encourages commercial deployment, which is essential for bringing costs down and developing these technologies to scale. **These bonds would be outside the volume cap.**
- The framework increases the current cap of tax-exempt highway or surface freight transfer facility bonds from \$15 billion to \$30 billion as proposed by the bipartisan [BUILD Act \(S.881\)](#). Currently, \$14,989,529,000 billion of the \$15 billion caps has been issued or allocated. Increasing the cap will allow state and local governments to enter into additional public-private partnerships to supplement future surface transportation projects with private investment.

Update on Other Muni Provisions

The original bipartisan agreement included a provision that would create a new direct-pay bond the American Infrastructure Bond. The provision was removed as a way to find needed revenue to ensure the package would be "revenue neutral." This offer was publically rejected by both Republican and some Democratic negotiators, and we continue to work with our partners on the Hill and in the Administration promoting these key financing options. The next steps for the package at this time remain murky, with portions of the upcoming August recess likely to be cut short.

The MBFA and BDA have learned through conversations with senior Administration staff and key Capitol Hill contacts that muni provisions remain a priority for Congressional tax writers as Democrats eye the next spending opportunity, the likely \$3+ trillion-dollar budget reconciliation package later this summer.

These muni provisions under consideration include:

- The restoration of tax-exempt advance refundings;
- Raising the BQ limit;
- The direct-pay American Infrastructure Bond;
- Further consideration of expanding PABS.

Bond Dealers of America

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