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## **Say Goodbye to Muni Deals Like These If Tax Bill Is Enacted.**

Take a look at the municipal fixed rate calendar this week and mark off the deals that would no longer be done on a tax-exempt basis, if the House Republicans have their way. It is a melancholy exercise.

Of the \$301 billion in long-term, fixed-rate municipal bonds sold so far this year, I estimate that at least one-third would no longer be allowed, between advanced refundings, stadium bonds, private-activity bonds and tax-credit bonds. I'd like to be more precise, but I don't believe any of the numbers I've seen, which is very muni.

There's Clark County, Nevada, selling \$107.8 million in general obligation bonds. The proceeds would "advance crossover refund the county's series 2009B GO limited-tax flood control bonds," according to S&P Global Ratings. I really wanted to explain the intricacies of a crossover refunding, but sorry, Clark County. No more advance refunding.

Then there's the Louisiana Public Finance Authority. The authority wants to sell \$50.8 million in tax-exempt bonds for Tulane University in New Orleans to current refund some bonds it sold back in 2007. Denied! As a nonprofit 501c3 institution, Tulane will no longer be allowed to borrow in the tax-exempt market.

Those \$36 million in taxable bonds the university wants to sell for improvements? Those are okay.

The Oregon Facilities Authority is selling \$66.7 million in revenue bonds for Reed College, the liberal arts school in Portland, Oregon, to build a new dorm and refund some bonds whose first redemption date is in 2020. Sorry! Reed College is a nonprofit, and these would not be allowed to be sold on a tax-exempt basis in the new year.

South Dakota's Housing Development Authority is selling \$75 million in mortgage bonds. The authority purchases mortgage loans from lenders at the time the lender makes a commitment to a purchaser or builder of a home. Since its founding in 1974, it has purchased 72,113 qualified mortgage loans totaling \$4.5 billion. These would seem to be swept up in the elimination of private activity bonds, no?

The Ohio Air Quality Development Authority plans to sell \$210 million in tax-exempt revenue bonds to help the Pratt Paper company build a mill to recycle waste paper and corrugated containers in Wapakoneta, Ohio.

The unrated deal is being sold in minimum denominations of \$100,000, reflecting just how hard it is to build mills that turn one thing into another thing. All I can say is, if you can stomach the risk factors, better get these now, because this sort of deal will disappear on Jan. 1. Private activity bonds!

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By Joe Mysak

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