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NABL Pushing for Municipal Bond Relief Measures in Response to COVID-19: McNeese

The National Association of Bond Lawyers (“NABL”) recently sent a [letter](#) to Congress, outlining some measures it recommends Congress adopt to combat the economic downturn related to the Coronavirus COVID-19 Pandemic. The suggestions are a mix of previously-made requests and new suggestions to inject additional liquidity into the market.

NABL’s recommendations, addressed to the top Republican and Democrat members in both the House and Senate, consist of the following:

- Reinstatement of ARRA-Era Bond Programs, such as Build America Bonds, at non-sequestration subsidy levels
- Relax the working capital rules in Sections 1.148-1(c) and 1.148-6(d) of the Regulations for coronavirus-related deficit financings
- Authorize the direct purchase of state and local bonds by the federal government (e.g., through passage of the Bond Market Emergency Relief Act)
- Eliminate or limit the prohibition of federal guarantees of tax-exempt bonds under Internal Revenue Code section 149(b)
- Reinstatement of tax-exempt advance refundings
- Remove, or substantially increase, the \$10M cap on qualified tax-exempt obligations under Code section 265
- Temporarily permit institutional investors to count municipal securities towards their liquidity coverage ratio
- Temporarily suspend the private activity bond rules under Code section 141 to encourage additional partnerships with private enterprise
- Authorize additional types of private activity bonds previously eliminated by prior tax reform measures, to help small businesses
- Eliminate volume cap limits on single- and multi-family housing bonds for the next three years.

As Congress is still debating additional stimulus measures in response to the growing crisis, it is possible that some of these suggestions may appear in a final bill. The attorneys of the [McNeese Public Finance Group](#) will continue to monitor this fast-moving situation as it develops.

by Timothy Horstmann

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