

# **Bond Case Briefs**

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## **Infrastructure Bond Legislation Introduced in Senate with Support of BDA.**

Today, Senators Roger Wicker (R-MS) and Michael Bennet (D-CO) formally introduced legislation that creates a new Build America Bonds program exempt from sequestration titled, the [\*American Infrastructure Bonds Act\*](#). The bill, which is supported by the BDA and multiple state and local government groups, would create a new class of “direct-pay” taxable municipal bonds to help struggling governments finance critical public projects in the wake of the Coronavirus pandemic. This bill follows the recent introduction of the [\*LOCAL Infrastructure Act\*](#) that would fully reinstate advance refundings.

**The press release can be viewed [here](#)**

**\*\*BDA Advocacy on these provisions can be viewed [here](#)**

The new class of bonds could be used to support a wide range of infrastructure projects, including roads, bridges, water systems, and broadband internet. The bonds would be modeled as a “direct-pay” taxable bond, with the U.S. Treasury paying a percentage of the bond’s interest to the issuing entity to reduce costs for state and local governments. These payments would encourage economic recovery from the Coronavirus pandemic by subsidizing AIBs issued through 2025 at a higher percentage of the bond’s interest. The payments would revert to a revenue neutral percentage for projects after 2025, reducing long-term costs for the federal government and providing a permanent financing option for localities.

The BDA will continue to provide updates on this legislation, as well the corresponding bill to reinstate advance refundings in the Senate.

**Bond Dealers of America**

July 8, 2020