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House Bill Would Restore Advance Refunding Bonds.

Legislation that would bring back a type of tax-exempt bond popular with state and local governments has been reintroduced in the House.

The Investing in Our Communities Act, introduced March 29 by Reps. C.A. Dutch Ruppersberger, D-Md., and Steve Stivers, R-Ohio, would restore advance refunding bonds, which states and local governments use to pay for community projects. Advance refunding bonds were eliminated by the Tax Cuts and Jobs Act.

Ruppersberger and Stivers have introduced legislation to restore advance refunding bonds before. The most recent bill has 21 cosponsors.

"County and state governments have served on the frontlines of the COVID-19 pandemic, facing historic revenue losses amid unforeseen costs, while still cutting paychecks to our teachers, law enforcement and public health workers," Ruppersberger said in a release. "We must do everything we can to help them invest in projects that improve our communities, create jobs and, ultimately, reduce the need to raise taxes."

"Municipal financing makes so much of daily life possible; from highways to telecommunications towers, municipal bonds allow for the delivery of services and connections for millions of Americans," Stivers said. "By enhancing the status of tax-exempt bonds, we're empowering state and local governments, and saving taxpayer money along the way."

Ruppersberger and Stivers co-chair the House Municipal Finance Caucus.

The Lifting Our Communities Through Advance Liquidity for Infrastructure (LOCAL Infrastructure) Act (S. 479), introduced February 25 by Sen. Roger F. Wicker, R-Miss., and Senate Finance Committee member Debbie Stabenow, D-Mich., would also restore advance refunding bonds.

Reviving the bonds has been a priority of municipal finance groups.

In testimony submitted recently to the House Ways and Means Select Revenue Measures Subcommittee, the Municipal Bonds for America Council, organized by the Bond Dealers of America, explained that advance refunding allows state and local government issuers to refinance — and consequently benefit from lower interest rates — when the outstanding bonds aren't currently callable.

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