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The Washington Weekly: Infrastructure in Trouble?

Even with Congress in a two-week Easter recess, news continues to trickle out of Washington, DC, potentially putting the infrastructure package in jeopardy.

This week Senator Manchin put his mark on the debate, continuing to flex his muscle as the swing vote in the 50-50 split Senate. The Senator from West Virginia continues to push back against raising the corporate tax rate from 21% to 28% while urging the Administration not to use the budget reconciliation process again to circumvent the need for Republican votes.
At this time, a true bipartisan deal feels out of reach, so it is expected that Senator Manchin will likely receive some concessions from the White House including a corporate rate of 25%.

While trouble seems to be brewing in the Senate, on the House side, munis remain a focal point in the ongoing debate. This week, the House Municipal Finance Caucus submitted a letter to the House Committee on Ways and Means stating their support for municipal bonds. The effort was co-signed by 50 bipartisan Members of the House, a strong show of support for tax-exempt financing, as Ways and Means Chairman Richard Neal (D-MA) simultaneously continues to promote munis. Last week the Chairman reiterated his support for inclusion in the eventual package, a Committee priority for the post-Easter legislative session.

More on muni provisions below.

Bottom line: While we expected an infrastructure package that includes many municipal bond provisions to pass Congress this year, compromise will be key from this point forward to get the bill across the finish line in either a bipartisan or reconciliation scenario.

****The Municipal Bonds for America council is launching a new initiative highlighting the role of municipal finance in American infrastructure and capital improvement.**

Infrastructure in America: Munis Since 1812

By analyzing projects of the past, present, and future, will tell the story of how municipal bond market financing has built American infrastructure with efficiency and low cost literally since 1812.

This is an American story of schools, roads, bridges, ports, community centers, hospitals, airports, and much more.

Muni Watch:

House Bill, to Reinstate Tax Exempt AR Introduced-More to Come?

Last week, the Co-Chairs of the House Municipal Finance Caucus, Reps. Dutch Ruppersberger (D-MD) and Steve Stivers (R-OH) reintroduced legislation that would fully reinstate tax-exempt advance refundings. Much like the companion legislation in the Senate, H.R. 2288 was introduced with

strong bipartisan support of 25 cosponsors.

As a long-standing priority for the BDA and a top priority for the MBFA, the introduction signals a turn to infrastructure and public works in both Chambers of Congress and sets the foundation for municipal bonds to play a major role in the future package.

It is widely expected that additional municipal bond provisions are to be introduced in the House in the coming days. This includes BDA and MBFA priorities such as legislation to increase the bank qualified debt limit and create a new direct-pay bond.

Timing and details on the release are still in flux, but as the House Committee on Ways and Means continues to put together the financing portion of an infrastructure bill, additional legislation is expected to be released in short order.

The BDA and MBFA continue to work with our partners on Capitol Hill and the Administration to ensure all muni priorities are addressed and included in the Committee's first draft and will continue to provide updates when new developments are available.

Bond Dealers of America

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