

# **Bond Case Briefs**

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## **The Washington Weekly: Deal or No Deal?**

Following the 4th of July holiday recess, the Senate is back in Washington, DC, and has already failed to meet its self-imposed deadline to turn the bipartisan infrastructure agreement into legislative text—a key next step in the legislative progress. While this may not be detrimental to the long-term prospects of the deal, every day that passes further complicates the tightrope act that Congressional Democrats are embarking on.

Following news of a delayed release of the bipartisan package, this week Senate Budget Chairman Bernie Sanders (I-VT) released budget instructions for the potential infrastructure budget reconciliation bill that includes an additional \$3.5 trillion of spending. The plan will likely include portions of the American Jobs Act and the American Families Act that are unable to be agreed upon in the bipartisan agreement amongst many other provisions such as the expansion of Medicaid.

Few details exist beyond the broad outline that the budget agreement presents, however, this package will provide an additional opportunity for BDA and MBFA priorities that may not be included in the bipartisan package.

**While the draft legislative text has yet to be produced for either potential package, included in the original bipartisan outline were two muni provisions:**

- **A new BAB like a direct-pay bond, the American Infrastructure Bond, with a flat 28% reimbursement rate likely exempt from sequestration (not included in the text, but the bills Sponsor Sen. Wicker (R-MS) says that is his intention), and**
- **Expansion of PAB limit for transportation infrastructure, doubling the limit to \$30 billion dollars**

**The BDA and MBFA continue to press our partners on Capitol Hill to include key additional provisions in either package including:**

- **The reinstatement of tax-exempt advance refundings, and**
- **Raising of the BQ debt limit tying to inflation.**

House and Senate Democratic Leadership as noted above continue working on a two-track approach: ensuring that the bipartisan agreement remains intact while developing the massive budget reconciliation package without losing a single vote of their narrow Senate majority. On the Republican side, Senate Minority Leader Mitch McConnell (R-KY) appears ready to allow passage of the bipartisan package, while messaging against the massive reconciliation package—an effort to gain traction heading into the 2022 election cycle.

**At this time, it is too early to predict the outcomes of each package, however, we remain confident that munis will continue to receive ample consideration and are in a good position for passage.**

**Bond Dealers of America**

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