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Bipartisan Infrastructure Package Set to Pass Senate - Bill Includes Expansion of PABs

By tomorrow, the Senate bipartisan infrastructure bill is expected to pass the Senate, setting up a September fight to get the package through the House prior to the Highway Trustfund running out of funding on September 30th. While the American Infrastructure Bond amendment did not receive a vote during the prolonged debate, the package includes multiple bond financing provisions that expand the usage of PABs, including:

- The [Rural Broadband Financing Flexibility Act \(S.1676\)](#) is the template for adding broadband as an allowable use for private activity bonds (PABs). This would allow states to issue PABs to finance broadband deployment, specifically for projects in rural areas where a majority of households do not have access to broadband.
- [Carbon Capture Improvement Act \(S. 1829\)](#) allows carbon capture and direct air capture (DAC) technologies to be eligible for PAB financing. Private activity bond financing encourages commercial deployment, which is essential for bringing costs down and developing these technologies to scale. **These bonds would be outside the volume cap.**
- The bill increases the current cap of tax-exempt highway or surface freight transfer facility bonds from \$15 billion to \$30 billion as proposed by the [bipartisan BUILD Act \(S.881\)](#). Currently, \$14,989,529,000 billion of the \$15 billion caps has been issued or allocated. Increasing the cap will allow state and local governments to enter into additional public-private partnerships to supplement future surface transportation projects with private investment.

Budget Reconciliation-Additional Opportunities for Munis

Later today Senate Budget Chairman Bernie Sanders (I-VT) is expected to release the \$3.5 trillion dollar budget outline, setting up the next infrastructure fight for later this fall in the House. The Senate is expected to pass the bare budget outline this week prior to adjourning for August recess, without policy detail included. This package will provide additional opportunities for the passage of key muni priorities.

The MBFA and BDA have learned through conversations with senior Administration staff and key Capitol Hill contacts that muni provisions remain a priority for Congressional tax writers as Democrats eye the next spending opportunity this fall.

These muni provisions under consideration include:

- The restoration of tax-exempt advance refundings;
- Raising the BQ limit; and
- The direct-pay American Infrastructure Bond.

The MBFA and BDA will continue to provide updates as they become available.

Bond Dealers of America

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