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Opinion: Congress and Taxpayers Should Both Say No To Restoring These Muni-Bond Provisions

Neither the reinstatement of tax-exempt advance refunding bonds nor a direct subsidy bond program similar to Build America Bonds is a good idea

The Biden administration's Build Back Better plan left out two major provisions that aim to reduce state and local government financing costs. Due to intense lobbying by the Bond Dealers Association, the Government Finance Officers Association, the National League of Cities, the National Association of Counties and U.S. Conference of Mayors, among others, those proposals are expected to be resurrected in smaller separate bills later this year.

But these provisions, which authorize financing tools that previously comprised sizable parts of the municipal bond market, may not save as much money for taxpayers as proponents claim and should be viewed skeptically by Congress.

The first provision is the reinstatement of tax-exempt advance refunding bonds, which had been repealed by the 2017 Tax Cuts and Jobs Act. These are state and local government refinancings sold more than 90 days in advance of the first "call date" of existing debt.

Continue reading.

MarketWatch

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