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Texas Republicans Roil Muni Market Again With Energy Law.

- **Issuers drop Wells Fargo, Morgan Stanley from bond deals**
- **Underwriters are in limbo as comptroller implements energy law**

Political contagion in Texas' $50-billion-a-year debt market is moving from guns to oil.

Big Wall Street banks were already shut out of Texas' municipal bond market, where the state and its cities raise money, for policies deemed unfriendly to the gun industry. Now an even larger group could see their public finance businesses hurt by legislation limiting contracts with firms that "boycott" the energy industry.

Banks like Morgan Stanley and Wells Fargo & Co. are losing out on municipal-bond deals or finding that they're essentially sidelined from transactions because of the uncertainty surrounding Texas Comptroller Glenn Hegar's effort to implement the law, which is meant to protect the state's oil and gas industry against the rise of environmental, social and governance standards.

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By Danielle Moran and Amanda Albright

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