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JPMorgan Takes Formal Step to Resume Muni Banking in Texas.

JPMorgan Chase & Co. is ready to resume its public-finance business in Texas after being largely absent from that lucrative market for more than a year, following the enactment of two local laws that aim to punish banks for their firearms and energy policies.

The biggest US bank posted a letter on Wednesday with the Municipal Advisory Council of Texas, an industry association, which it also addressed to the public-finance division of the Texas attorney general's office. The letter stated the firm's interest in underwriting municipal securities for the state and its myriad issuers, including cities, counties and school districts.

The letter is a key step to participate in the Texas underwriting market, one of the nation's largest. It amounts to a formal assertion by the bank that it doesn't "boycott energy companies" nor does it have "a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association."

The Texas gun law, backed by local GOP lawmakers, says the state's governments can't work with companies unless they verify that they don't "discriminate" against firearms entities. JPMorgan doesn't finance companies that make military-style weapons for civilians.

JPMorgan, the No. 2 underwriter in the \$4 trillion market for US municipal debt, has long argued that it can comply with the firearms law, which took effect on Sept. 1, 2021. At the time, the bank said its business practices should permit it to certify compliance with the firearms law, but that the legal risk from the "ambiguous" law prevented it from bidding on most business with Texas public entities.

A spokesperson for JPMorgan declined to comment. The Texas attorney general's office didn't immediately respond to a request for comment.

In May, Foley & Lardner LLP, a law firm representing JPMorgan, sent a letter to officials with the attorney general's office stating it believes the bank can verify compliance with the two new laws, marking a key step for the bank to return. In Texas, the office signs off on almost all muni bond sales before they can close.

The latest step comes less than a month after JPMorgan avoided being listed among 10 companies named as energy boycotters by Texas Comptroller Glenn Hegar. With that cloud lifted, the bank intends to begin bidding on public contracts again, including municipal underwriting, according to a person familiar with the matter.

Hegar produced that list as mandated in a separate GOP-backed Texas law that took effect on Sept. 1, 2021, which limits the state or its local governments from entering into certain contracts with firms that boycott energy companies.

Bloomberg Markets

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September 14, 2022

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