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Legislation Creates Taxable Municipal Bonds to Boost Infrastructure Investments.

Bipartisan legislation recently re-introduced in the U.S. Senate would create a new class of “direct-pay” taxable municipal bonds intended to boost infrastructure investments and other public projects by providing affordable access to large taxable bonds.

The American Infrastructure Bonds Act would allow state and local governments to issue taxable bonds for any public expenditure that would be eligible to be financed by tax-exempt bonds.

American Infrastructure Bonds would be a “direct-pay” taxable bond with the U.S. Treasury paying a percentage of the bond’s interest to the issuing entity to reduce costs for state and local governments. They would be issued for projects at 28 percent of the bond’s interest.

The bonds could be used for a variety of infrastructure projects including bridges, broadband internet, roads, and water systems.

The bonds are modeled after the Build America Bonds issued after the 2008 financial crisis to attract more public infrastructure investment.

U.S. Sens. Michael Bennet (D-CO) and Roger Wicker (R-MS) re-introduced the bill.

“We have to continue to invest in 21st century American infrastructure to build an economy that grows for everyone,” Bennet said. “The American Infrastructure Bonds Act is a bipartisan proposal to attract greater support for infrastructure projects across the country – especially in rural and underserved communities.”

TRANSPORTATION TODAY

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