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Texas Battles Wall Street in Threat to State's Muni Market.

Attorney General Ken Paxton wants to put a check on which big banks win business from the state and its municipalities.

The annual conference of the Municipal Advisory Council of Texas is typically a pretty low-key affair, with bond industry folks gathering at a sumptuous hotel for cocktails, golf and a bit of networking to help grease the wheels of future deals. But at this year's event, the dining rooms, deck chairs and fairways of the Las Colinas Resort just outside Dallas were abuzz with speculation about the future of big Wall Street firms in the state. And the name on everyone's lips: Ken Paxton.

A week before the Oct. 26-27 conference, the state's embattled Republican attorney general had threatened to bar eight banks from municipal bond deals in Texas simply because of their commitment to cut greenhouse gas emissions. That threat spurred concern on New York trading desks about losing access to the state's \$50-billion-a-year debt market, where business is booming even as high interest rates crimp dealmaking elsewhere. JPMorgan Chase & Co.'s Jamie Dimon, whose bank is among those Paxton has targeted, gave a rare rebuke, saying the fight puts Texas' business-friendly reputation at risk. "I urge them to be very careful," Dimon said in an interview on Nov. 1. "It may hurt the ability to raise money."

The conflict dates to 2021, when the Texas legislature enacted a pair of laws that effectively accuse big financial companies of being too woke, specifically when it comes to oil and guns. The laws restrict state and local government contracts for companies that "boycott" the energy industry or "discriminate" against firearms entities. As attorney general, Paxton signs off on almost all muni bonds issued in Texas, so his approval is key to infrastructure financing in the state. "We want as many banks that want to do business with our state to be here," Paxton said in an interview on Nov. 13. "We just want them to follow the law while they're doing it."

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Bloomberg Markets

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November 14, 2023