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S&P: What The Loper Decision May Mean For U.S. Public Finance

The recent United States Supreme Court decision in *Loper Bright Enterprises v. Raimondo and Relentless Inc. v. Dept. of Commerce* (the Loper decision) overturned a 40-year precedent commonly referred to as the Chevron Doctrine. While the magnitude of the ruling will take years to unfold, S&P Global Ratings believe the Loper decision will likely influence the regulatory and policy landscape for U.S. public finance issuers and has several potential credit implications.

Decision Shifts Interpretation Of Ambiguous Statutes To Courts From Federal Agencies

The now overturned 1984 Chevron Doctrine directed courts to defer to federal agency interpretation to address statutory ambiguity, effectively providing them with significant influence over regulation and policy. The Chevron Doctrine has underpinned thousands of regulations under the umbrella of numerous federal agencies. Overturning Chevron limits the deference to federal agencies and shifts responsibility to the judicial system. Prior cases that relied on Chevron are subject to stare decisis (the principle that courts should mostly adhere to their past cases) and are not automatically overruled; however, this doesn't preclude relitigating past cases or using the Loper decision to overturn or challenge regulations and statutes, which we believe may occur.

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14 Aug, 2024

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