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Mintz: Municipal Finance Proposals to Watch During the Final Months of the 119th Congress

Several legislative proposals affecting municipal bonds and infrastructure finance have been introduced or reintroduced in the 119th Congress. Although these measures are not currently at the forefront of the congressional agenda, they represent long-standing bipartisan priorities within the public finance community and could be candidates for consideration if tax or infrastructure legislation moves forward later this year.

Enhancing Municipal Finance Tools

Bipartisan legislation has been introduced in both the House and Senate to restore tax-exempt advance refunding, an effective financing tool that is currently unavailable to state and local governments. In the Senate, Sens. Roger Wicker (R-MS) and Michael Bennet (D-CO) have introduced the **LOCAL Infrastructure Act (S. 1481)**, while in the House, Reps. David Kustoff (R-TN), Rudy Yakym (R-IN), Gwen Moore (D-WI), and Jimmy Panetta (D-CA) have introduced the **Investing in Our Communities Act (H.R. 1255)**. Congressman Yakym serves as Republican co-chair of the Congressional Municipal Finance Caucus. Together, these bipartisan bills would reinstate the ability of municipal issuers to refinance outstanding bonds earlier, at lower interest rates, helping communities reduce debt-service costs and redirect savings toward infrastructure, schools, hospitals, affordable housing, water systems, transportation networks, and other public priorities. Supporters view the legislation as a proven way to strengthen the municipal bond market, provide greater flexibility to state and local governments, and support long-term economic growth.

Rep. Terri Sewell (D-AL), a former bond lawyer and Democratic co-chair of the Congressional Municipal Finance Caucus, has also reintroduced the **Local Infrastructure Financing Tools (LIFT) Act (H.R. 8864)**. In addition to restoring advance refunding, the bill would increase bank-qualified debt limits for smaller borrowers, including nonprofit health systems, colleges, universities, and other mission-driven organizations. The legislation also would create a new direct-pay taxable American Infrastructure Bond, modeled on the successful Build America Bonds program from the Obama administration, allowing issuers to receive a direct federal subsidy to offset a portion of their interest costs. Together, these provisions are intended to expand access to affordable capital and increase investment in infrastructure and community development projects.

Continue reading.

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July 23, 2026