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Kutak Rock: Recent Activity on the Hill Highlights Opportunities for Tax-Exempt Bonds

Congress has seen a series of recent proposals that would expand the use of tax-exempt bond financing across several sectors. While each proposal is still at an early stage and would require further congressional action before becoming law, taken together they reflect continued interest in preserving and expanding tax-exempt financing tools for housing, education, transportation and infrastructure.

A key housing-related proposal is the *First-Time Homebuyer Affordability Act*, introduced last Monday in the House by Representatives Darin LaHood (IL-16), Jimmy Panetta (CA-19), Blake Moore (UT-01), and Tom Suozzi (NY-01). The bill would amend Section 146(g) of the Internal Revenue Code of 1986 to exempt qualified mortgage bonds from the private activity bond volume cap, with the amendments applying to obligations issued after the date of enactment.

Other pending proposals in the Senate would make similar changes for additional categories of tax-exempt financing. The *Student Loan Bond Expansion Act of 2026*, introduced by Senators Grassley (IA) and Welch (VT), would exempt qualified student loan bonds issued after the date of enactment from both the volume cap and the alternative minimum tax and add a pooled financing bond rule providing that student borrowers are not treated as ultimate borrowers. The *Transit for Urban Renewal and Business Opportunities Act, or TURBO Act*, introduced by Senators Duckworth (IL) and McCormick (PA), would modify exempt facility bond rules. The bill would increase the national limitation for qualified highway or surface freight transfer facilities from $30 billion to $45 billion, treat acquisition of rolling stock as part of mass commuting facilities, and lower the speed threshold for high-speed intercity rail facilities from 150 miles per hour to 110 miles per hour.

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