The Bond Buyer Legislative Status Report

LEGISLATION	CURRENT LAW	PROPOSED LAW	CURRENT STATUS
HR 5893: Investing in American Jobs and Closing Tax Loopholes Act of 2010	The American Recovery and Reinvestment Act allows state and local governments to issue Build America Bonds until the end of 2010 and receive a subsidy payment equal to 35% of the interest costs. ARRA also authorized $25 billion of resource recovery zone bonds to be issued, with issuers receiving payments equal to 45% of interests costs.	The bill, which was introduced on July 28 by House Ways and Means Committee chairman Rep. Sander Levin, D-Mich., would extend the BAB program through 2012, but would reduce the subsidy payment rate to 32% in 2011 and 30% in 2012. It would authorize an additional $25 billion of resource recovery zone bonds to be issued through the end of 2010. The bill would extend through 2011 the relaxed small-issuer rules for bank-qualified bonds.	The measure is pending in the House.
Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010	Currently, only dealer-financial advisers are subject to federal regulation. The Municipal Securities Rulemaking Board must have 15 members consisting of five from securities firms, five from banks, and five from the public. Over-the-counter muni and other derivatives are unregulated.	The new law would require non-dealer FAs to be registered with the Securities and Exchange Commission, comply with MSRB rules, and be subject to a fiduciary duty. The MSRB must ensure that a majority of its members are "public," even if that means expanding the number of members. States and local governments would be eligible contract participants for OTC swap contracts as long as they have $50 million in discretionary investments — including bond proceeds — or their counterparty is a bank or broker-dealer. The House passed its bill on Dec. 11, 2009. The Senate passed a measure on May 20. Compromise financial overhaul legislation was passed in the	House by a vote of 237 to 192 on June 30 and in the Senate by a vote of 60 to 39 on July 15. President Obama signed the bill into law on July 21.
S. 2851: Restricting stripping from and making permanent programs for QZABs and QSCBs	In June 2008, as part of the farm bill, Congress granted tax-exempt bond issuers and investors the ability to strip and sell credits from tax-credit bonds. The Treasury Department released guidance on how stripping should be done on March 23.	Sen. Charles Grassley of Iowa, the top Republican on the Finance Committee, introduced a bill Dec. 8 that would prohibit the stripping of tax credits from qualified zone academy bonds and qualified school construction bonds issued after Dec. 31, 2010. The bill also would permanently extend the programs, exempt them from requirements under the Davis-Bacon Fair Labor Act, and authorize an additional $700 million annually for QZABs.	The bill has been referred to the Senate Finance Committee.
S. 2826: Clean Renewable Energy Advancement Tax Extension Jobs Act	Congress authorized the stripping and selling of tax-credit bonds as part of the farm bill in June 2008. But there has been no stripping in the muni market so far, in part because market participants are waiting for Treasury guidance.	Sen. Charles Grassley, introduced a bill on Dec. 8 that would prohibit the stripping of credits from clean renewable energy bonds and authorize an additional $2.2 billion for the CREBs program.	The bill has been referred to the Senate Finance Committee.

This chart includes legislation introduced in the 111th Congress, which convened in January 2009 and extends through the end of 2010. Any bill introduced in the two-year period remains active until the session ends.