

THE BOND BUYER

Lawmakers advocating for muni bonds keep their seats

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Published

November 04, 2020, 9:49 a.m. EST

Key lawmakers advocating for municipals bonds did well Tuesday night, setting the stage for strong support for future municipal bond initiatives.

Despite a few tight races, lawmakers with histories of backing muni-friendly legislation held on, making muni bond provisions such as the reinstatement of tax-exempt advance refunding and raising the federal cap on tax-exempt private activity bonds more likely.

Rep. Dutch Ruppersberger, D-Md., who is co-chair of the bipartisan Municipal Finance Caucus led his Republican opponent State Senator Johnny Salling, 66.6%-33.2% with 31% of results reported according to the Maryland State Board of Elections. The Associated Press projected Ruppersberger to win.

Ruppersberger and his involvement in the Municipal Finance Caucus are [key](#) for municipal advocates. Ruppersberger and Rep. Steve Stivers, R-Ohio, were the lead house sponsors of the Investing in Our Communities Act to reinstate tax-

exempt advance refunding.



Rep. Dutch Ruppersberger. Jay Mallin/Bloomberg

Tax-exempt advance refunding was taken away as part of the Tax Cuts and Jobs Act of 2017 under President Donald Trump's administration and municipal stakeholders have pushed for it to be reinstated.

Rep. Stivers easily bested Democratic opponent Joel Newby. Stivers is also co-chair of the Municipal Finance Caucus.

Rep. Peter DeFazio, D-Ore, narrowly held on against Republican challenger Alek Skarlatos, leading him 51.6%-46.3%, according to the Associated Press, which called the race with the count mostly completed. Multiple media reports said Skarlatos outraised DeFazio by \$900,000 as of mid-October.

Rep. DeFazio is crucial in future infrastructure plans as he chairs the House Transportation and Infrastructure Committee. Over the summer, Rep. DeFazio released a five-year, \$494 billion surface infrastructure and rail proposal. It did not have bipartisan support.

That bill was included in the House's Moving Forward Act, a \$1.5 trillion infrastructure package. That larger bill included multiple municipal bond provisions could be a template for an infrastructure bill in the next Congress.

Those bond provisions include an increase in the cap on bank-qualified bonds to \$30 million from \$10 million, a new program of \$30 billion of qualified school infrastructure bonds, and another new program of direct-pay Qualified Infrastructure Bonds which would start with a federal 42% subsidy for interest expenses.

"Thank you for helping me to win and yet again represent you despite the fact that this was the most expensive congressional race in the history of the state of Oregon," DeFazio said in a Facebook live video last night. "By the way, it wasn't from my side."

"I'm looking forward so much to going back to Washington D.C. again to represent you all and to provide us with a 21st-century transportation infrastructure bill — one that will both deal with climate change and provide millions in good-paying jobs for Americans in every sector of the economy of the United States of America," DeFazio later said in the video.

Sen. Mark Warner, D-Va., beat Republican Daniel Gade, 52.24%-47.73%, with all precincts reporting, according to the Virginia Department of Elections. Warner is a member of the Senate Finance Committee and former governor of Virginia.

Warner is a lead cosponsor on a bill — Building United States Infrastructure and Leveraging Development Act (BUILD) — that would raise the federal cap on tax-exempt private activity bonds for surface transportation and freight improvement by \$5.8 billion. The current volume cap of \$15 billion has nearly reached its limit.

Rep. Earl Blumenauer, D-Ore., led his Republican opponent Joanna Harbour 75.4%-21.3%, according to the Associated Press, which declared him the winner.

"Honored to be re-elected in Oregon's 3rd Congressional District where I'll continue taking on our biggest challenges and fighting for progressive change," Blumenauer tweeted. "THANK YOU for your support."

Blumenauer is also a lead sponsor of the BUILD Act and is a member of both the Ways and Means Committee and the Transportation and Infrastructure Committee.

Rep. Richard Neal, D-Mass., was already set to win the night following his win in early September of the Democratic primary in the 1st Congressional District in Massachusetts. Neal, the most influential advocate for municipal bonds in Congress, is in his 17th term in the House and chairs the House Ways and Means Committee.

Neal did not face a Republican challenger.

Neal is also a former mayor of Springfield, Massachusetts, which public finance advocates have said makes him aware of state and local government needs.

“One thing that we didn’t have before in a Democratic administration was now we have a chairman of the Ways and Means Committee who was a former mayor,” said Emily Brock, director of the Government Finance Officers Association’s federal liaison center. “Chairman Neal gets it.”

Rep. Terri Sewell, D-Ala., ran unopposed. Sewell is the lead sponsor of the Municipal Bond Market Support Act that would increase to \$30 million from the current \$10 million the amount of tax-exempt bonds that individual local governments or nonprofits can issue and still qualify to sell debt to banks under favorable terms as bank-qualified.

That act is one of the provisions in the House’s Moving America Forward Act. Sewell is also one of the lead cosponsors of the BUILD act.

Sewell is a bond attorney and serves on the Ways and Means Committee.