

THE BOND BUYER

NABL lobbying grows on Capitol Hill

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The short-term outlook for enactment of congressional legislation to reinstate advance refundings or expand the use of tax-exempt private activity remains pessimistic through the 2020 presidential election.

That was the message Columbia, South Carolina Mayor Steve Benjamin, the immediate past president of the U.S. Conference of Mayors and chairman of the bipartisan Municipal Bonds for America coalition gave attorneys attending a National Association of Bond Lawyers workshop in Chicago.



“The closer we get to 2020, we feel less hopeful any substantive legislation will happen,” Benjamin said.

“We’ll continue to advocate for the tax exemption for muni bonds and seek restoration of advance refundings,” he said. “But the political season is upon us.

So we're going to continue to advocate. We're going to continue to prepare, but I'm not expecting big things from Congress."

Despite his pessimism about legislation, Benjamin was upbeat about the effort by himself and other advocates of the municipal bond industry to get out their message.

Benjamin has had three meetings with President Trump in which the president has pledged to support the continuation of the muni tax exemption.

And because he's a mayor in an early presidential primary state, Benjamin already has met with 18 of the Democratic candidates for their party's nomination and received assurance from all of them they support the muni tax exemption.

Jessica Giroux, NABL director of governmental affairs, said the association recently participated in a conference call with the Senate Finance Committee Disaster Recovery Taskforce looking at possible legislation.

NABL offered to pass along its white paper recommending the creation of disaster recovery bonds.

NABL members were urged at Thursday's session on developments in Washington to sign up to assist in the expansion of the association's growing lobbying effort.

M. Elizabeth Walker of Hall, Render, Killian Heath & Lyman in Indianapolis, who is chairing the committee, asked bond attorneys to tell NABL their home zip codes so the association can identify which congressional districts they live in.

Prior to Thursday's pitch, 162 NABL members already expressed interest, according to the committee's vice chair, Keirston Woods of Bryant Miller Olive in Washington, D.C.

Thirty one NABL members indicated they have personal relationships with lawmakers or their staff.

The focus has been on the two congressional committees with jurisdiction over tax policy.

Sixty five members of the NABL Governmental Affairs Committee live in the same states as senators on the Senate Finance Committee and 19 live in congressional districts represented by members of the House Ways and Means Committee.

"When a bill comes together it comes together quickly and it seldom starts from scratch, picking up the pieces that have gone through the process before and

using them to make a bill,” Walker told NABL members. “We want to get the attention of lawmakers while these bills are being workshopped.”

One example of how that happens which wasn’t mentioned at the NABL workshop is a measure that would avert \$1.2 billion in federal transit aid. That measure is contained in a draft copy of House legislation expected to be voted on later this month to keep government agencies operating past the Oct. 1 start of the new fiscal year, according to Politico.

And the Senate already has begun work on reauthorization of surface transportation programs which are scheduled to expire on Sept. 30, 2020.

The Senate Environment and Public Works Committee unanimously approved a five-year \$287 billion reauthorization earlier this summer.

“It’s good that we started this early,” said Susan Howard, program director for transportation finance at the American Association of State Highway and Transportation Officials.

Howard, who did not attend the NABL workshop, told The Bond Buyer her organization estimated the final bill will top \$350 billion after other Senate committees of jurisdiction add additional provisions.

A transit title will be added by the Senate Banking Committee while safety, rail and autonomous vehicles sections will be added by the Senate Commerce Committee.

Revenue provisions from changes in tax laws will be added by the Senate Finance Committee.

“That really is the largest hurdle,” said Howard. “They have the toughest job in advancing a reauthorization bill because the Highway Trust Fund projections are not going to meet that level of investment for a longer term bill.”

There’s a good chance the final legislation may lift the \$15 billion cap on the use of tax-exempt private activity bonds for surface transportation.

Public finance advocates are hoping this is where advance refundings might be reinstated and the cap on bank qualified loans could be raised.

On the House side, the Transportation and Infrastructure Committee is expected to release its proposed surface transportation bill in the next few months.