

# THE BOND BUYER

## Muni market priorities dropped in Build Back Better framework

By

**Caitlin Devitt**

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The Build Back Better framework released this morning by President Joe Biden does not include any of the municipal market's top priorities.

Included in an original reconciliation bill but dropped from the newly released framework are: the restoration of tax-exempt advance refundings; a direct-pay bond program; an expansion of the eligible uses of private activity bonds; and the expansion of bank-qualified (small issuer) debt, lobbyists and other sources familiar with the negotiations said.

Overhaul of the state and local tax deduction cap is also not included in the framework, which could prompt some Democrats to withhold their votes.

It's unlikely — but not impossible — that the priorities will return in final legislation.

The White House and Senate were responsible for the removal of the priorities, according to a source familiar with the negotiations.

"It's a significant blow not to be in the framework," said Emily Brock, lobbyist for the Government Finance Officers Association. "It's highly unlikely we're going to be in draft legislation."



*Emily Brock of the GFOA*

Brock said a coalition of 30 issuer groups sent a letter to the Hill Thursday morning urging them to press for the priorities in a final bill. The letter emphasizes their support for tax-exempt advance refundings, the bank-qualified debt expansion and direct-pay bond program.

The price tag of the muni priorities is relatively low, Brock noted. Restoring tax-exempt advance refundings, for example, would cost around \$14 billion.

The current framework totals around \$1.75 trillion. That's down from \$3.5 trillion in the original bill as crafted by the House Ways and Means Committee.

Biden met with Congressional Democrats this morning to announce the framework, the result of several weeks of intense negotiations among Democrats.

The municipal priorities are imperiled but it's not over until a final bill is drafted and passed.

"Until we see bill text we will not know," said Charles Samuels of Mintz Levin, counsel to the National Association of Health & Educational Facilities Finance Authorities. "But if that is the case it will be extremely disappointing and harmful to municipal and nonprofit finance. We will not give up on these priorities until the process is truly over."

Separately, House Speaker Nancy Pelosi is pushing for a vote as soon as today on a \$1.1 trillion bipartisan infrastructure bill that features \$550 billion of new spending and reauthorization of federal surface transportation programs.

The vote hinges on winning progressive Democratic support despite a slimmed-down reconciliation bill that does not include many of their priorities.

[Caitlin Devitt](#)