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## Mega muni bill explored

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**"Congress is very open right now to bond fixes and reforms,"** said Rittner. **"We see this as a great opportunity to push a larger bond bill that improves and reforms bonds and gets them back into action nationally."** *Council of Development Finance Agencies*

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As Congress churns towards the midterm elections some muni advocates see an opening for producing a piece of legislation that could unleash a flood of bond sales.

"CDFA is working with several groups to pull a package of bond reforms and fixes together," said Toby Rittner, president and CEO of the Council of Development Finance Agencies.

"Prior to the great recession, it was pretty normal for various trade associations to get together to push bond bills together."

The effort would unite several factions of the Public Finance Network teaming up to work on a hit list of provisions including the restoration of advance refunding, raising the limit on bank-qualified debt and other pain points.



"We envision numerous, small scale, technical correction items going into a macro bond bill," said Rittner.

"There are several items like reforming manufacturing and agriculture bonds, reinstating the Federal Home Loan Bank credit enhancement bond program and making 501c3 bonds bank qualified," he said.

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"These small fixes would allow for these important bonds to be put back into action for issuers all over the country."

Up until 2010 the FHLBs, which are Government Sponsored Entities, were authorized to provide letters of credit to enhance tax-exempt bonds.

"The proposal to revive the FHLB letter of credit authority is very worthy of inclusion," said Chuck Samuels, a member at Mintz, and counsel to the National Association of Health & Educational Facilities Finance Authorities. "It already is the subject of separate bipartisan bills."

Rep. Lisa McClain, D-Mich., has been leading the [charge](#) to have the authority restored.

"The bipartisan MINT Act, introduced in both the House and the Senate, would permanently enable our members to support tax-exempt bonds for community development using our letters of credit to reduce borrowing costs for projects like health and educational facilities, manufacturing, and other infrastructure," said Ryan Donovan, president and CEO of the Council of Federal Home Loan Banks.

In 2009 CDFA backed a similar effort to tweak regulations and launch new programs while scoring some wins delivered by the American Recovery and Reinvestment Act during the Obama administration.

ARRA created Build America Bonds, a popular, direct pay, infrastructure bond program that has since turned into a headache for many issuers due to budget sequestrations that cut into promised subsidy payments.

Rep. Terri Sewell, D-Ala., who sits on the House Ways and Means Committee has taken a couple of [swings](#) at addressing other key muni concerns.

"We have seen the LIFT Act introduced in prior Congresses which hit three big priorities for the market bringing back advance refundings, modernizing the small borrower's exemption, and creating a new direct payment bond program," said Brian Egan, chief policy officer for the National Association of Bond Lawyers.

Parts of the LIFT Act were in legislation drafted during President Biden's administration but didn't make the cut.

"The language was included in the House's original Build Back Better draft but was pulled out at a later date due to cost trimming of the bill" said Brett Bolton, vice president of federal legislative & regulatory policy for the Bond Dealers of America.

PFN members have rallied around threats to tax-exempt municipal bonds via passionate and persistent lobbying efforts. Restoring the advance refunding of munis remains a prime [focus](#).

"I don't think that prioritization has necessarily changed, but I do see utility in offering a more exhaustive menu of options," said Egan.

"Let folks choose their own adventure and run with the policies that speak to their constituencies most."

Sources indicate a successful effort to draft an all-inclusive municipal bond mega bill would require years of planning, along with an alignment of timing and political will from strong sponsors on Capitol Hill.

"Congress is very open right now to bond fixes and reforms," said Rittner. "We see this as a great opportunity to push a larger bond bill that improves and reforms bonds and gets them back into action nationally."



**Scott Sowers**

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