What Makes a “Good” Muni Bond Tax bill?

Friday, June 25, 2021

Do you feel it? Good vibes for tax-advantaged bond legislation permeate the air around us. White smoke emerged from the White House on June 24, signifying that the President and key Senate leaders had reached a deal on an infrastructure bill. The deal includes “public private partnerships, private activity bonds, direct pay bonds and asset recycling for infrastructure investment.” Hey, that’s us![1]

It feels downright 2009ish. The prospect of new bond legislation has us thinking: Is there a right or wrong way to write a tax-advantaged bond bill?

Countless books have been written about whether there is an objectively “good” way to draft legislation. Politics will determine the core substance of any new tax-advantaged bond legislation, and Congress will decide, in at least some cases based on logic, whether to favor one type of project or financing structure over another. Taking that as a given, all other things being equal, are there neutral principles that produce “better” tax-advantaged bond legislation?

We think so.

In the coming weeks, we will offer some best (or at least “not awful”) practices, with some examples of legislation that does and doesn’t work along these lines. We are not naive enough to think that members of Congress or their staff will read these
tips, much less actually implement them. But “futile gestures” and “shouting into the void” are more or less the motivating ethos ’round these parts.

First up next week: **Always provide for refundings.** Enjoy the weekend.

[1] Of course, a separate element of the deal is to “extend [the] mandatory sequester.” Booooo.

© Copyright 2021 Squire Patton Boggs (US) LLP

National Law Review, Volume XI, Number 176

**Source URL:** https://www.natlawreview.com/article/what-makes-good-muni-bond-tax-bill