

Mostly Constructive News for Public Finance in Ways and Means' Build Back Better Markup, However the Path for Passage Remains Challenging

- The Ways and Means Committee's \$3.5 trillion Build Back Better markup includes several public finance friendly elements such as the reinstatement of advance refundings with tax-exempt bonds, a direct pay taxable bond program (similar to, but not exactly the same as BABs), an increase in the bank-qualified limit, and several other elements.
- Issuers are still not likely to see this direct-pay bond program as entirely advantageous despite the sequestration-proof language included in the proposal, because many of them were burned by BABs the first time around. We are also concerned the Davis Bacon Act requirement may add a level of complication and expense as well.
- Frankly, what really matters is that the passage for either the \$3.5 trillion or \$1 trillion infrastructure packages, at least currently, remains unlikely unless the political landscape significantly shifts. Just this weekend Senator Manchin said he is a "hard-no," on the \$3.5 trillion plan. Last week he described in the Wall Street Journal Why I Won't Support Spending Another \$3.5 Trillion.

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