Municipal Bond Friendly Elements Could Be Lost if Build Back Better Agenda is Pared Back

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- If the $3.5 trillion Build Back Better Agenda is reduced, which is likely to happen at some point, the public finance friendly elements will likely no longer be included.
- Even if the vote on the bipartisan plan does not happen this week, the prospects for infrastructure legislation is not eliminated. But, significant negotiations among Democrats will need to occur as Senator Joe Manchin has requested several times.
- The fact that the Democratic party is fractured between the new progressives and the moderates is not a new development, but it just so happens that it is manifesting itself as transformative infrastructure legislation that has already approved by the Senate and is waiting to be voted on.
- We still believe there will be about $460 billion of municipal issuance in 2021. We outline below how bond sales could play out in October, November, and December.
- U.S. Treasury Secretary Janet Yellen set the debt ceiling deadline at Oct. 18. Lawmakers are still not sending the market (municipal or otherwise) a clear signal that they are taking the issue seriously.

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