

## ***House Bill Preserves Tax Exemption on Muni Bonds...For Now***

The U.S. House of Representatives narrowly passed a sweeping tax and spending bill, delivering a significant win for the municipal bond market. H.R. 1, the One Big Beautiful Bill Act, was passed by the House of Representatives on May 22, 2025. After months of speculation and lobbying, the bill preserves the federal tax exemption on municipal and private activity bonds. The measure next moved to the U.S. Senate, where major changes are expected, but the current protection of muni bonds is a welcome development for issuers and investors alike.

The bill had raised concerns in recent months as lawmakers looked for ways to offset rising federal deficits. However, thanks to coordinated and persistent lobbying from public finance groups, the municipal bond tax exemption emerged untouched. Municipal Market Analytics noted that while the risk to the exemption has eased, budget pressures may make the issue resurface down the line. The bill includes additional changes relevant to the bond market. It lowers the requirement for projects to qualify for the 4% Low-Income Housing Tax Credit, making it easier to finance affordable housing. It also expands how small issue bond proceeds can be used, covering more R&D and manufacturing costs, giving the bonds more flexibility across sectors.

One major compromise in the bill was raising the cap on the state and local tax (SALT) deduction. Households making under \$500,000 can now deduct up to \$40,000, with that number rising slowly each year through 2033. This change might influence demand for municipal bonds, especially in states with high taxes including New York. This was a big win for New York's Congressional delegation which had made raising the SALT cap one of its leading priorities.

While the muni bond tax break remains in place, the broader bill includes deep cuts to Medicaid, research programs, and higher education funding. These changes could create new financial pressures for universities, hospitals, and other nonprofits that rely heavily on tax-exempt borrowing.

The U.S. Senate is expected to begin considering its version of the bill this month. With leadership signaling significant revisions, particularly to healthcare and energy provisions, municipal bond stakeholders will be closely monitoring the Senate's deliberations to ensure that the exemption of interest on municipal securities remains intact through the next phase of negotiations.

### **RECENT CMA CLIENT SALE RESULTS**

<b><u>Issuer/Underlying Rating</u></b>	<b><u>Issue Type</u></b>	<b><u>Par Amount</u></b>	<b><u>Sale Date</u></b>	<b><u>Term</u></b>	<b><u>Rate</u></b>	<b><u>Purchaser</u></b>
East Aurora UFSD (Aa3)	Bonds	\$13,575,000	29 - May	16 yrs.	3.60%	Janney Montgomery
Corning City SD (Aa3)	Bonds	\$52,240,000	29 - May	14 yrs.	3.42%	KeyBanc Capital Mkts.
East Rockaway UFSD (Aa2)	Bonds	\$4,000,000	28 - May	15 yrs.	3.63%	Brownstone Investment Group, LLC
Islip Town (Aaa/AA+)	Bonds	\$28,895,000	22 - May	17 yrs.	3.70%	UBS Financial Services
Tonawanda City SD (A1)	BAN	\$42,226,532	21 - May	1 yr.	3.09%	Jefferies LLC
Glen Cove City (Baa1)	Bonds	\$8,020,000	21 - May	19 yrs.	4.29%	Roosevelt & Cross, Inc.
Lancaster CSD (Aa2)	BAN	\$60,045,231	20 - May	1 yr.	2.97%	Truist Securities, Inc.
Katonah Lewisboro UFSD (Aa1)	BAN	\$35,018,083	20 - May	1 yr.	2.98%	TD Securities
Nanuet UFSD (Aa2)	BAN	\$8,366,160	13 - May	6 mos.	3.22%	Jefferies LLC
East Greenbush CSD (Aa3)	BAN	\$10,100,000	8 - May	6 mos.	3.11%	Truist Securities, Inc.
Jamestown City (A-)	BAN	\$5,670,081	1 - May	1 yr.	3.73%	Oppenheimer & Co.
North Tonawanda City (A3)	BAN	\$25,484,785	1 - May	1 yr.	3.65%	Oppenheimer & Co.

## ***From Desk to Dock – CMA’s Annual Fishing Trip***

This past Thursday, May 29th, CMA set sail for its annual fishing trip out of Orient Point aboard the Nancy Ann IV. Led by the father and son duo, Captain Rich and Mate Rich, CMA scoured the waters in pursuit of striped bass, bluefish, and pogies.

Despite the gloomy weather and intermittent showers, the conditions brought some great fishing. Among the six “fisherman”, an impressive 135 fish were reeled in! Leading the scoreboard was Richard Tortora who caught the most fish. Of course, some might argue that fishing isn’t just about quantity but rather about the size of the fish, at least that’s what Anthony Nash would say, as he landed the biggest fish of the day, a whopping 23-pound striped bass.

All in all, it was another great year on the water to add to the books. Until next year!



### **GENERAL OBLIGATION TAX-EXEMPT INTEREST RATES**

Term	June 2, 2025					1 Month Ago - May 1, 2025					1 Year Ago - June 3, 2024				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	2.77%	2.80%	2.88%	2.86%	3.24%	2.86%	2.89%	2.97%	2.95%	3.33%	3.34%	3.38%	3.46%	3.44%	3.81%
5	2.82	2.86	2.98	3.02	3.41	2.97	3.01	3.13	3.17	3.56	3.11	3.16	3.28	3.29	3.70
10	3.35	3.46	3.60	3.70	4.18	3.29	3.40	3.54	3.64	4.12	3.08	3.18	3.36	3.42	3.91
15	3.87	4.06	4.20	4.29	4.73	3.71	3.90	4.04	4.13	4.57	3.31	3.49	3.67	3.72	4.17
20	4.32	4.53	4.68	4.76	5.20	4.13	0.34	4.49	4.57	5.01	3.65	3.85	4.04	4.08	4.53

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