



WASHINGTON UPDATE



A photograph of a white document with the title "Inflation Reduction Act" printed in a bold, black, serif font. The document is placed on a dark blue fabric with white stars, which is part of the American flag. The red and white stripes of the flag are visible in the upper right corner. The document is slightly tilted and appears to be part of a stack.

Inflation Reduction Act

INFLATION REDUCTION ACT



TOTAL REVENUE RAISED	\$737 billion
<i>15% Corporate Minimum Tax</i>	<i>\$222 billion</i>
<i>Prescription Drug Pricing Reform</i>	<i>\$265 billion</i>
<i>IRS Tax Enforcement</i>	<i>\$124 billion</i>
<i>1% Stock Buybacks Fee</i>	<i>\$74 billion</i>
<i>Loss Limitation Extension</i>	<i>\$52 billion</i>
TOTAL INVESTMENTS	\$437 billion
<i>Energy Security and Climate Change</i>	<i>\$369 billion</i>
<i>Affordable Care Act Extension</i>	<i>\$64 billion</i>
<i>Western Drought Resiliency</i>	<i>\$4 billion</i>
TOTAL DEFICIT REDUCTION	\$300 billion

Inflation Reduction Act

Health Care

- **Rx Drug Pricing Reform**
 - Allows negotiation on a subset of drugs in Medicare Part B and Part D
 - Caps Medicare patients' out-of-pocket costs in Part D at \$2,000 / year
 - Caps insulin costs for Part D at \$35/month
- **ACA Subsidy Extension**
 - Extends through 2025 health insurance marketplace subsidies authorized in the American Rescue Plan

Tax Revenue Raisers

- Corporate Alternative Minimum Tax
- Excise tax on stock buy backs
- Changes to net operating loss limitations for individuals
- IRS enforcement funding

Energy and Climate Tax Incentives and Investments

- Tax incentives
- Direct funding opportunities (grants and loans)
- Consumer rebates



INFLATION REDUCTION ACT



- X** Advance Refunding
- X** Small Borrower
- X** Direct Subsidy Bonds

The IRA does soften rules related to the interplay of carbon sequestration credits (“45Q credits”) mixed with tax-exempt bonds

September Priorities for Congress

- **December 9th or 16th for CR**
- **White House Request: \$47.1 billion**
 - \$13.7 billion for Ukraine
 - \$22.4 billion for COVID-19 vaccines, testing, treatments
 - \$4.5 billion for monkeypox
 - \$6.5 billion for natural disasters
- **Other Potential Issues / Votes**
 - Energy permit reform
 - Same sex marriage
 - Insulin pricing
 - Electoral college reform
 - Big Tech antitrust



End of Year “To Do” Lists

Congress’s “Must Pass”

- FY 2023 Appropriations
- FDA User Fee Reauthorization
- National Defense Authorization Act (NDAA)



Our “Must Pass”

- PAY-GO
- Rural Extenders
- Waivers
- Insurer Accountability



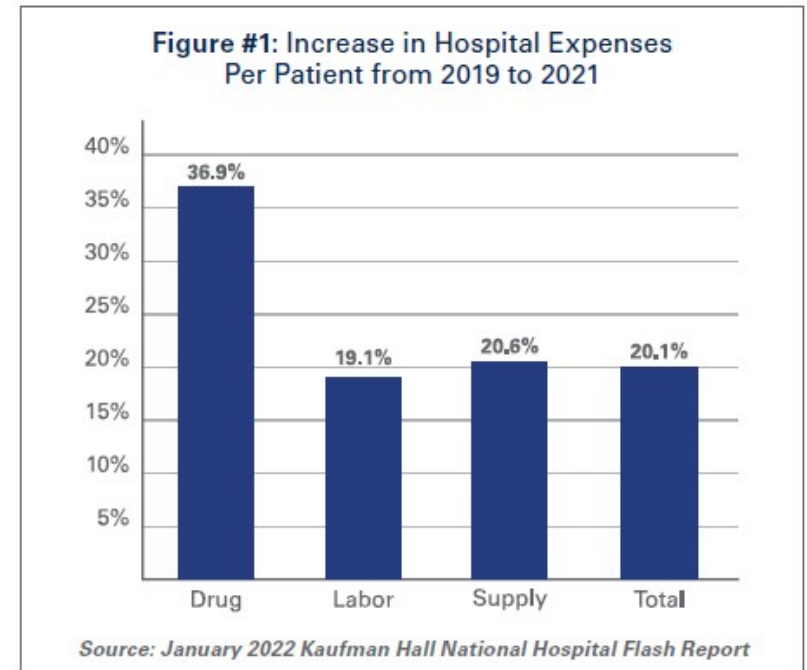
Hospital Financial Condition

- **Reports**

- Patient Acuity Increases
- Expense Growth, Volume and Revenue Losses
- Rural Hospital Closures
- E&Y Benefits of Tax-Exemption
- Commercial Insurers' Policies

- **Op-Eds**

- **Grassroots**



FINANCIAL DATA TRANSPARENCY ACT

Federal mandate for “governmental and nonprofit” financial reporting to be done in a standardized format



- Reps. Maloney (D-NY) and McHenry (R-NC) introduced as H.R. 2989
- Approved in House 400-19
- Included as amendment to House National Defense Authorization Act



- Sens. Warner (D-VA) and Crapo (R-ID) introduced as S. 4295
- Looking to include in final National Defense Authorization Act

FINANCIAL DATA TRANSPARENCY ACT

- ✓ Requires MSRB to “establish data standards”
- ✓ Allows MSRB to “scale” reporting requirements for “smaller regulated entities”



- Does not say who pays for the data standards conversion
- Requires identical financial reporting across all types of entities
- All entities do not have identical financial reporting inputs
- Short timeframe for implementation and compliance

FINANCIAL DATA TRANSPARENCY ACT

Muni Bond Community in Washington Discussing Various Options for Compromise Language



- Move to ten year implementation window
- Pick a specific sector of our market as a test case
- Exempt certain entities and/or sectors
- Mandatory size and borrower type distinctions
- Rely on consensus standards
- Implement for states first
- Strengthen burden/cost minimizations language



All 435 House seats are on the ballot

34 Senate seats are on the ballot + 1 special election

- **Democrats are defending 14 seats**
- **Republicans are defending 21 seats**

House Ways & Means Committee

- Chairman Neal (D-MA) seeking reelection
- Ranking Member Brady (R-TX) is not running

Senate Finance Committee

- Chairman Wyden (D-OR) is seeking reelection
- Ranking Member Crapo (R-ID) is seeking reelection

House Financial Services Committee

- Chair Waters (D-CA) is seeking reelection
- Ranking Member McHenry (R-NC) is seeking reelection

Senate Banking Committee

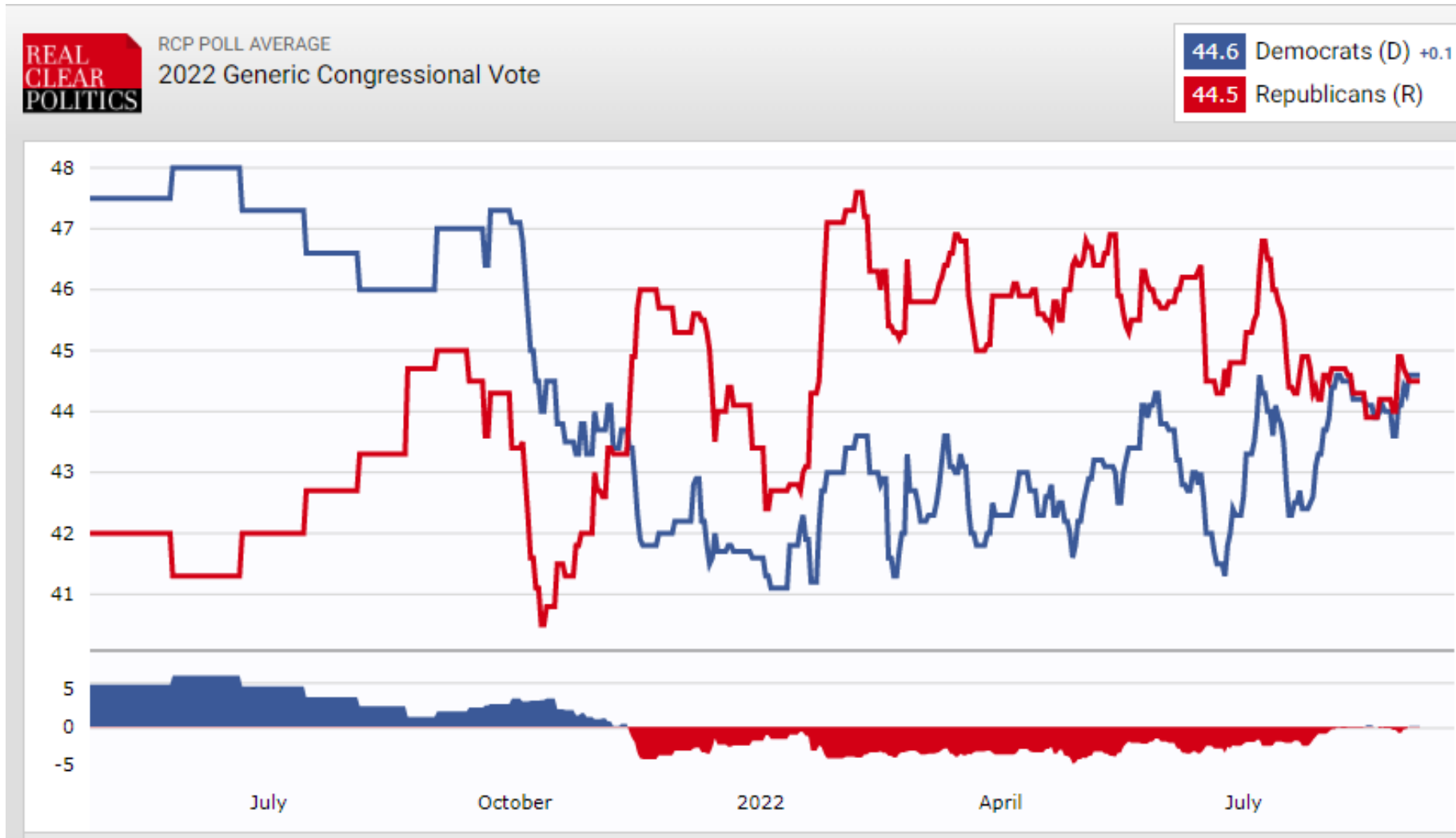
- Chairman Brown (D-OH) is not on the ballot
- Ranking Member Toomey (R-PA) is not running

2022 Election

- **NBC Poll:** Two months until midterm elections
- **Democrats over-performed in special elections since Dobbs decision**
- **In Florida, Democratic primary turnout in the governor's race exceeded turnout in the "Dem wave year" of 2018**
 - **68%** of Republicans have a high level of interest in the upcoming election
 - **66%** Democrats have a high level of interest in the upcoming election
 - GOP advantage is down / from 17 points in March and 8 points in May
- **Gallup Poll:**
 - Biden at **44%** approval, up from **38%** in July
 - Increase driven by independents / approval rose from 31 percent to 40 percent

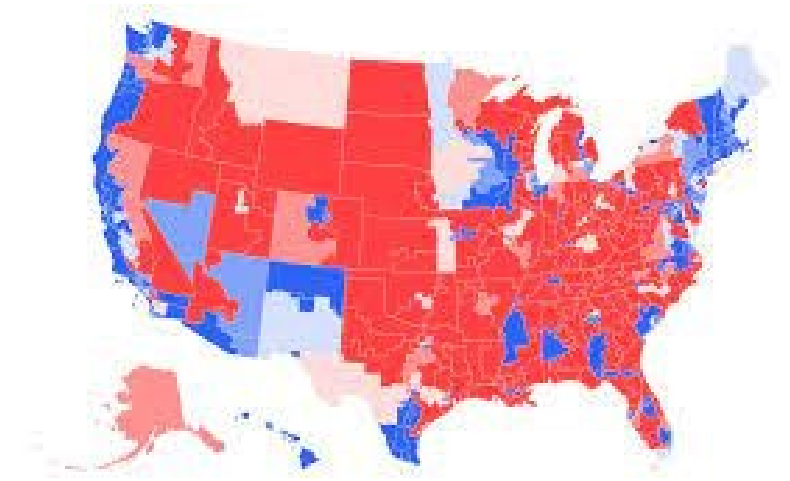


2022 Generic Congressional Vote



House Races 2022

- **Democratic Candidates gained in special elections since Dobbs decision**
 - NE-1: gain of 10 points
 - MN-1: gain of 6 points
 - NY-19: gain of .7 points
 - NY-23: gain of more than 4 points
 - AK-AL: elected Democratic House Member (first since 1972)
- **“Red Wave” predictions downsized**
 - from 20 to 35 seats to 10 to 20 seats
- **But Republicans only need 5 seats to win back the House**
- **And there are more safe Republican seats than Democratic seats**



Senate Races 2022

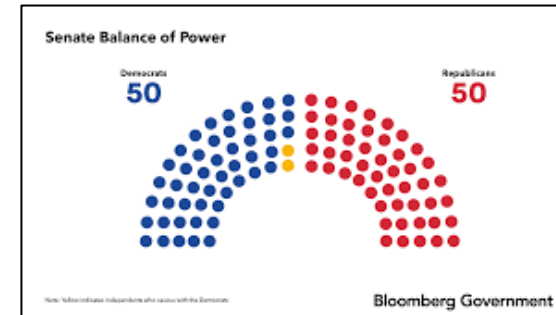
- **The “Flippable Five”**

- FL: Val Demings (D) vs. Marco Rubio (R) - incumbent
- NC: Cheri Beasley (D) vs. Ted Budd (R) – open seat
- OH: Tim Ryan (D) vs. J.D. Vance (R) – open seat
- PA: John Fetterman (D) vs. Mehmet Oz (R) – open seat
- WI: Mandela Barnes (D) vs. Ron Johnson (R) - incumbent)

- **Vulnerable Democratic Incumbent Seats**

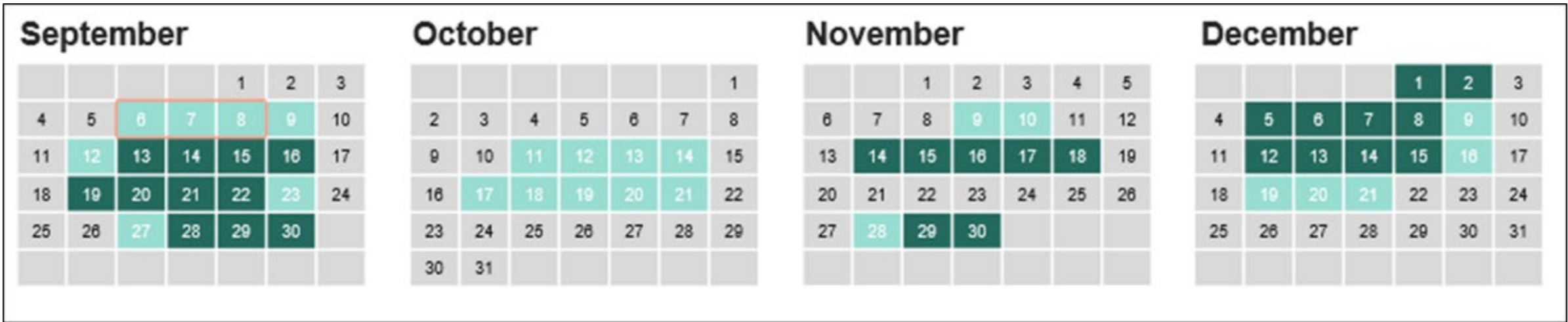
- AZ: Mark Kelly (D) vs. Blake Masters (R)
- CO: Michael Bennet (D) vs. Joe O’Dea (R)
- GA: Raphael Warnock (D) vs. Herschel Walker (R)
- NV: Catherine Cortez Masto (D) vs. Adam Laxalt (R)
- NH: Maggie Hassan (D) vs. TBD

- **Senate control a “Toss Up”**



Congressional Calendar

Both chambers in session
 House only in session
 Senate only in session
 House committee work



- Both chambers in session: 11 days in September
- Schumer may cancel October Senate schedule





THANK YOU!

Questions?