

INSIGHTS + NEWS

Neal Pandozzi Writes “A bond by any other name would smell as sweet” for The Bond Buyer

BY NEAL R. PANDOZZI • JULY 26, 2023

Florida’s new anti-boycott law, House Bill 3 (HB-3), “An Act Relating to Government and Corporate Activism” went into effect on July 1, 2023. Similar to laws in other states, the Act generally bans companies from doing business in the state if the companies are perceived as boycotting or discriminating against certain industries that aren’t aligned with their particular environmental, social and governance (ESG) or diversity, equity and inclusion (DEI) policies. Florida’s law, however, goes a step further and effectively bans all state and local issuers in Florida from issuing ESG bonds.

On June 29, the Florida Division of Bond Finance released a one-page notice intending to clarify the impact of HB-3 on Florida issuers, rating agencies and other market participants. In his article “A bond by any other name would smell as sweet” in *The Bond Buyer*, Neal Pandozzi discusses the Finance Division’s June notice. Here is an excerpt:

Generally, HB-3 is intended to prohibit the issuance of bonds characterized in some manner as ESG. Thus, an issuance of bonds designated or labeled as green bonds, sustainability bonds or social bonds, or with similar identifiers, would be banned by HB-3, as this naming choice signals that the bond issue is intended to finance a project with a specific ESG purpose.

Practically speaking, however, most projects financed with the proceeds of municipal bonds have some ESG-related purpose, regardless of the bond issue’s name, including wind turbines, solar panels, hurricane preparedness equipment, affordable housing, public schools, libraries, elderly or youth centers, public safety facilities, or a city or town hall. Assuming the offending designation or label is left out of the name, would HB-3 ban Florida issuers from issuing bonds for such projects?

Neal states that the Finance Division’s June notice attempts to answer this question and others related to HB-3, and his article discusses the clarifications and guidance provided in the notice.

Continue reading “[A bond by any other name would smell as sweet](#)” on *The Bond Buyer* website (subscription required).

