

## INSIGHTS + NEWS

## Neal Pandozzi Writes “Anti-ESG laws’ impact on munis may be far-reaching” for The Bond Buyer

BY NEAL R. PANDOZZI • MAY 19, 2023

In response to company policies deemed pro-environmental, social and governance, several states have introduced or passed so-called “anti-boycott” laws. Florida’s new anti-boycott law, “An Act Relating to Government and Corporate Activism” (HB-3), goes a step further, effectively banning all state and local issuers in Florida from issuing ESG bonds. Under the law, “ESG Bonds” has a broad definition and includes “any bonds that have been designated or labeled as bonds that will be used to finance a project with an ESG purpose.” In his article in *The Bond Buyer*, Neal Pandozzi discusses Florida’s new law and the far-reaching impact it may have on the municipal bond market. Here is an excerpt:

Arguably, HB-3 is intended to ban bonds branded in some manner as ESG. Some of the examples of bonds designated or labeled as having an ESG purpose that are included within the definition of ESG bonds are green bonds, Certified Climate Bonds and GreenStar designated bonds. Thus, an issuance of bonds named “Green Bonds,” “Sustainability Bonds,” or “Social Bonds,” or with similar identifiers, would be banned by HB-3, as such naming choice tags the bond issue as financing a project with an ESG purpose.

If this is the end of the story, then the impact of HB-3’s ban on the issuance of ESG bonds is a fairly simple determination.

The situation become less clear, however, when considering bonds issued for the purpose of financing a project with an arguably ESG purpose, where the name of the bond issue lacks a specific ESG identifier.

Continue reading “[Anti-ESG laws’ impact on munis may be far-reaching](#)” on *The Bond Buyer* website (subscription required).