

Bond Case Briefs

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WV Voters Approve Road Bond Amendment for \$3B Infrastructure Program.

Dive Brief:

- West Virginia voters on Oct. 7 approved an amendment to the state constitution that authorizes the state to issue road bonds in order to fund a \$2.8 billion program of infrastructure repairs and upgrades, according to the Charleston Gazette-Mail.
- The state will first close on \$260 million of federal GARVEE bonds this month, which will pay for 13 interstate reconstruction projects and 18 bridge replacements. West Virginia officials plan to sell \$500 million of Parkways Authority bonds, with the first issue of \$100 million scheduled for spring of 2018.
- West Virginia State Transportation Secretary Tom Smith told lawmakers that the state could now issue as much as \$2.6 billion in bonds to support the road and bridge work.

Dive Insight:

While federal lawmakers continue to squabble over how the country will tackle the modernization and repair of its aging infrastructure, states like West Virginia are pulling out all the stops in an attempt to finance their own projects. However, they face considerable financial headwinds.

The American Society of Civil Engineers (ASCE) said in its latest report that it would cost \$4.6 trillion by 2025 to perform all the necessary infrastructure work in the U.S., an increase of \$1 trillion since the ASCE's 2013 analysis. In addition, the American Road and Transportation Builders Association (ARTBA) maintains that about 9% of the country's bridges are structurally deficient and need repair, an undertaking that could cost as much as \$700 billion, according to U.S. News & World Report.

While bonds are one possible avenue, other states have chosen to finance their infrastructure programs through an increase in gas taxes and other fees. For example, earlier this year, California legislators approved a \$52 billion plan to upgrade its roads, bridges and raised its gas tax by 12 cents per gallon to pay for it. State lawmakers authorized new annual vehicle license fees as well.

Six Kentucky community banks have come up with a unique plan to fund state infrastructure projects — a \$150 million fund that will provide debt financing to private companies involved in state public-private partnerships. According to Commonwealth Infrastructure Fund (CIF) officials, this new financing option will allow the state and private sector to launch more road, bridge, school and public works projects.

Construction Dive

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