Tulsa School District Tops U.S. Municipal Bond Deals Next Week.

NEW YORK, June 29 (Reuters) – A school district in Tulsa, Oklahoma, will issue $57.8 million of general obligation bonds in a competitive sale next week, the largest deal on a tiny calendar as the market takes a breather for the Fourth of July holiday on Wednesday.

Just $170 million of estimated bond and note sales are scheduled next week, none of them negotiated. Tulsa's school district will also price $10 million of technology equipment taxable GO bonds.

Tulsa's deal comes in the wake of an Oklahoma Supreme Court ruling on June 22 that threw out a petition seeking to block tax hikes that will fund teacher pay raises.

The court decision is a boost for school districts statewide because it preserves tax increases on gasoline and oil production, Moody's Investors Service said on Wednesday.

Oklahoma lawmakers passed the tax hikes in March to fund an average $6,100 pay increase for teachers, who were among the lowest paid in the nation. Despite the pay raise, teachers went on strike for nine days, demanding more education funding.

If the move to block tax hikes had succeeded, school districts likely would still have had to pay the salary increases, Moody's said.

But the court ruling reduces the prospects that school districts will have to make mid-year cuts to fund those salaries.

The effort to undue tax hikes, however, might not be dead. Activists have until July 18 to submit a new petition that meets legal requirements for a November ballot referendum.

Next week's light issuance will run past July 1, which is usually the busiest day of the year for maturing municipal bonds, Janney Montgomery Scott analysts said in a Friday note.

"There will be plenty of money from maturities, redemptions and interest payments to put to work next week," Janney said. "The challenge will be finding bonds."

Total issuance by par amount in the second quarter was $93.5 billion, 7 percent lower than the same quarter in 2017 and 21.8 percent lower than the same period in 2016, according to preliminary Thomson Reuters data.

For the first half of the year, issuance fell 17 percent, pulled down by a nearly 57 percent drop in refundings that was too large to be fully offset by a 29 percent increase in new money bonds.

Investors have poured cash into municipal mutual funds for eight straight weeks. Inflows were $421 million in the week ended June 27, according to data from Lipper, a Thomson Reuters unit.

(Reporting by Hilary Russ Editing by Leslie Adler)