

Bond Case Briefs

Municipal Finance Law Since 1971

How U.S. States Should Spend Their \$350 Billion Windfall.

Many of America's governors and mayors suddenly have a surplus of cash, giving them a chance to showcase their priorities.

Governors and mayors across the U.S. have had to grapple with previously unthinkable questions over the past year. Do I shut down my economy and upend livelihoods or try to press forward and risk a public-health crisis? How do I pitch my state or city over others when employees and executives are growing more comfortable with the possibility of working from anywhere? How can I most effectively distribute critical vaccines across disparate communities?

After all that, you might say they deserve an easy question. For instance: How would you spend \$350 billion?

That, of course, is the amount of aid for state, local and tribal governments included in the \$1.9 trillion American Rescue Plan. It was enough for Moody's Investors Service to brighten its outlook across municipal finance sectors, arguing that the money "will help stabilize state finances." A strange thing happened along the way, however: Revenue in a majority of states rebounded entirely from the pandemic, with California's stunning \$76 billion surplus as the most prominent example. In the aggregate, total state tax receipts were virtually unchanged in the period from March 2020 through February 2021 relative to the same months a year earlier, according to preliminary monthly data from the Urban Institute.

[Continue reading.](#)

Bloomberg Opinion

By Brian Chappatta

June 2, 2021, 3:30 AM PDT