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[Judicial Constraints on Trump's Sanctuary City Funding Cuts: Assessing Risks to Municipal Bonds in a Divided Federal System](#)

Overview

- Trump's funding cuts to sanctuary cities blocked by courts, highlighting federal-state legal clashes over immigration enforcement.
- Judicial rulings like Orrick's protect municipal grants, reducing credit risk but creating uncertainty for investors amid political divides.
- Historical precedents show mixed impacts on credit ratings, while investors favor resilient jurisdictions with diversified revenue and legal defenses.
- Investors advised to prioritize cities with strong fiscal discipline and legal resilience, avoiding high-risk areas facing direct funding threats.

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