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NYT: A Municipal Debt Boom Is Driving Public Projects and Tax Breaks for Investors

Municipal debt issuance surpassed \$500 billion last year, a record that's found a deep pool of buyers.

Across America, state and local governments have been selling bonds at a record clip to finance projects like airports, roads and utilities.

They have found a deep pool of buyers keen on realizing the tax-exemption benefits from holding this municipal debt, which also provides relatively high returns.

Borrowing in the municipal bond market surpassed \$500 billion last year, breaking the \$498 billion record set in 2024. The "muni market" is now worth well over \$4 trillion, roughly equivalent to the market capitalization of Nvidia, the chip maker that has soared on the artificial intelligence boom, driving stocks to record highs.

"People really don't understand how big this market is and how it impacts a lot of things that everybody does every day," said Mike Bartolotta, an executive managing director and co-head of public finance at Hilltop Securities, a firm that specializes in municipal sales. "You drive to work, you go to school, you flush the toilet, you drink water? You're likely going to use something that's been touched by municipal securities."

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The New York Times

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Jan. 28, 2026

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