

Bond Case Briefs

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Burger-Flippers of Seattle to Savor Taste of Victory: Muni Week.

A \$15 minimum wage is about to become more than just a fast-food worker fantasy. Cities are posting help-wanted signs again. And Illinois lawmakers are walking away from a \$2 billion budget shortfall until after Election Day after the customary ritual of self-flagellation. So it goes this week in U.S. states and municipalities.

Today, the Seattle City Council is poised to give final approval to phasing in a \$15-per-hour minimum wage, which would be enough to lift a family of five out of poverty. The wage would be the highest of any big U.S. city — sought by unions, activists and fast-food workers, thousands of whom walked off the job last year.

Burger flippers aren't the only ones tasting victory. Michigan, which angered unions by rolling back their power to collect dues, last week became the first Republican-controlled state to have lifted the minimum wage this year, pushing it to \$9.25 over the next four years.

Seven states have enacted increases this year. Citing stagnant wages and a growing gap between the rich and poor, advocates are pursuing similar increases in Oakland, San Diego, Chicago and beyond.

Dismissals. Benefit cuts. Early retirement. The Great Recession took its toll on teachers, firefighters, and other civil servants. State and local governments eliminated 784,000 jobs.

Their finances on the mend, cities and states have been slowly adding jobs again since last year. The latest indication of whether the trend is continuing will come June 6, when the Labor Department releases its employment report for the merry (maybe) month of May.

Illinois, burdened by growing pension bills, already has the lowest credit rating among U.S. states. Lawmakers say their own actions put the state at risk of sinking even lower.

Facing re-election, they passed a budget that allows a record tax increase to expire, as planned, on Dec. 31. They left unresolved how to make up for the \$2 billion in lost revenue, a matter they probably have to take up again after November. Keep your eyes on those rating companies. This sort of thing is like catnip to them.

Public officials are becoming reticent to spend money they haven't already collected from taxpayers.

They're selling fewer bonds to pay for projects such as roads and bridges and senior centers.

The municipal market has shrunk for the past three years, according to the Federal Reserve Board, which will release its latest tally June 5.

Investors benefit from the scarcity. Last week, benchmark, top-rated 10-year municipal bond yields edged down about 0.05 percentage point last week to 2.25 percent, the lowest in a year.

Municipal borrowers are set to sell \$4.7 billion of bonds this week, down from about \$5 billion last week.

The Colorado Regional Transportation District is seeking to raise \$431 million, according to Bloomberg data. And the Miami-Dade County Expressway Authority is selling \$340 million of securities.

Earthquakes. Wildfires. Legislative gridlock. Budget shortfalls. Cash-starved schools. "Omega Man."

This has all been part of life in California — part dystopic, part idyllic — until recently. The legislatively induced chaos, at least, is fading.

In the state that started a national tax revolt, voters consented to pay more to avoid deeper cuts to schools and other services. And the budget can now be passed by a simple majority, putting an end to regular crises that attended it.

On June 3, primaries for governor and other statewide offices will be decided for the first time by a method aimed at allowing a more moderate brand of politician to flourish.

Instead of Republicans picking Republicans and Democrats picking Democrats (which forces candidates to appeal to strong partisans), voters can pick candidates of any party. The top two face off in November.

Democratic Governor Jerry Brown is in the lead. Also running: Republican Assemblyman Tim Donnelly, whose backed by the Tea Party, and Neel Kashkari, a former banker and Treasury official who oversaw the bank bailout that inspired some of his opponents' supporters.

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