As Trump, Clinton Push Infrastructure, Muni Deals at 6-Year High.

Donald Trump and Hillary Clinton don't share many positions. But the need to revamp the nation's infrastructure is one of them.

Clinton, the likely Democratic presidential nominee, says the U.S. is "dramatically underinvesting in our future," and she'd pour money into roads and waterways. Trump, the presumptive Republican candidate, is blunter: the country's infrastructure is "terrible" and airports are "a disgrace." He wants to "start the greatest long-term building project in American history."

It appears that local leaders are finally coming around to that line of thinking, seven years after the end of the recession. With interest rates the lowest since 1965, states and cities issued $67.3 billion of debt for infrastructure in the five months through May, the most since 2010, Bank of America Merrill Lynch data show. That was the last year of the federal Build America Bonds program, which encouraged governments to borrow by paying a share of the interest bills on debt sold for public works.

While the uptick is still just a fraction of what's needed to shore up thousands of deficient bridges and countless pothole-laden roads, it reflects a long-awaited shift by municipal officials who have hesitated to borrow for new projects even with interest rates at five-decade lows. The increase coincides with unprecedented demand for tax-exempt debt, suppressing yields and saving states and cities millions of dollars.

"Recent history tells us that simply having low interest rates is not going to be what drives cities to take on new debt," said Christiana McFarland, director of research in Washington at the National League of Cities. "The looming threat of infrastructure needs is certainly putting cities in a position to do everything they can to take on those projects now."

The American Society of Civil Engineers estimates that the U.S. will fall $1.44 trillion short of the $3.32 trillion it needs to invest in infrastructure through 2025.

It's not just states and cities that are responsible for that gap. Congressional officials last year spent weeks haggling over a transportation-funding measure before finally enacting a five-year, $305 billion bill that incrementally raises spending each year.

If presidential campaign promises are to be trusted, help could be on the way.

Clinton's website features a plan that would raise federal spending on public projects by $275 billion over a five-year period, including a national infrastructure bank that would run an expanded Build America Bonds initiative.

In Trump's book, "Crippled America: How to Make America Great Again," he doesn't put an exact price tag on infrastructure spending, but calls it "a trillion-dollar rebuilding program" that'll be "one of the biggest projects this country has ever undertaken."

“Regardless of what happens at the state and local level, the federal government needs to be a strong partner in any solution,” Brian Pallasch, managing director of infrastructure initiatives at American Society of Civil Engineers, said in an interview. “The presidential candidates, I’m heartened to see all of them in different ways at least mentioning infrastructure and saying it’s important that we start dealing with it.”

In the meantime, states and localities are stepping up borrowing for public works as their finances improve. Over the past year, they’ve boosted spending on public construction to the most since 2010, Census Bureau data show.

California, the most-indebted U.S. state, sold $813 million of bonds in March for projects including clean water and clean air, children’s hospitals, earthquake and highway safety, housing and emergency shelters, traffic reduction and port security, offering documents show. Across the country, Maryland borrowed about $1.04 billion on Wednesday for construction projects, grants to localities and other initiatives.

Even with municipalities ramping up bond sales, it’s unlikely the pickup will push interest rates higher, according to a report this week from Municipal Market Analytics.

That’s because individuals have poured money into muni mutual funds every week since October, the longest streak since 2010, Lipper US Fund Flows data show. The more than $16 billion of inflows to start the year is the most since at least 1992.

The yield on a Bond Buyer index of 20-year municipal general-obligation bonds plunged to 3.18 percent on Thursday, setting a new 51-year low. Top-rated 10-year munis yield 1.55 percent, according to data compiled by Bloomberg, while those due in three decades yield 2.36 percent, the lowest since the data begin in 2009.

“You have budget surpluses in a number of states, and extremely low yields available in the market right now allow them to borrow at attractive rates,” said R.J. Gallo, head of the municipal bond group at Federated Investors, which oversees $6.9 billion of the debt. “It all adds up that you’re seeing more new-money financing and more public construction. The muni market can certainly handle it.”

Bloomberg Business

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June 10, 2016 — 2:00 AM PDT Updated on June 10, 2016 — 6:19 AM PDT