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School, Infrastructure Bond Measures Fill U.S. Ballots.

CHICAGO/SAN FRANCISCO — U.S. voters on Tuesday will decide the fate of $70.3 billion of municipal bond issuance, the largest amount of borrowing requests in a decade, with much of it earmarked to help pay for fixing the nation's crumbling infrastructure.

The biggest concentration of bonds hanging in the balance is in California, which accounts for nearly 60 percent of the total.

Nationwide, the state, school and local government bond measures, 682 in total, would fund building and repairing schools, mass transit and roads, and even biomedical research in one state, according to data company Ipreo.

To view the historical amount of bond ballot measures, click on http://tmsnrt.rs/2e9Z5bb.

The governments will be able to take advantage of still-low borrowing costs and a stable economy, even when considering the possibility of an increase in historically low benchmark interest rates by the Federal Reserve in December.

"This year, the finances at the state level look better. We've had more stability in revenues and more stability in the economy as a whole, so we would expect a substantial amount of these proposals to be accepted," said Philip Fischer, municipal research strategist at Bank of America Merrill Lynch.

Yields on top-rated 10 and 30-year bonds hit all-time lows in July on the U.S. municipal market's benchmark scale. While yields have risen since then they remain attractive for state and local government borrowers.

BOND MEASURES PLENTIFUL IN CALIFORNIA

California ballots are bursting with 195 bond measures totaling $41.7 billion, including the biggest nationwide — $9 billion of state general obligation debt to finance new construction and modernization for K-12 and charter schools and community colleges.

Another California ballot measure is aimed at reining in debt by requiring statewide voter approval for revenue bonds exceeding $2 billion for projects financed, owned, or managed by the state.

Opponents of the initiative, called Proposition 53, say mandating voter approval would delay critical infrastructure projects.

"The drought over the past four years has highlighted the need for infrastructure in California," said David Guy, Northern California Water Association president, at a September panel on California propositions. "We don't need another hurdle to progress in California."

While school and infrastructure financing are dominant themes this election, a measure on Montana's statewide ballot would create a biomedical research authority funded by $200 million of bonds over 10 years.

Voters will also be weighing 154 state-wide measures, including bonds, taxes, gun control and the minimum wage, in 35 states, according to the National Conference of State Legislatures.

In several states, voters will be deciding whether to increase various sales, income, property, cigarette and other taxes.

For example, in Colorado there is a proposed constitutional amendment calling for a public option universal healthcare payment system, funded by a new 10 percent state payroll tax. Employers would cover two-thirds and employees one-third of the cost, according to the citizen-led initiative known as Amendment 69.

Washington state voters will weigh the nation's first tax on carbon emissions, while five states, including California, seek to legalize and tax recreational marijuana.

Oregon voters will consider changing the corporate tax code to collect revenue equivalent to one-third of the state's general fund expenditures. The legislature would decide how to use the proceeds.

Eno Center for Transportation, a nonprofit think tank, reported that voters will decide tax and bond measures for roads, seaports, railroads, airports and mass transit that would raise an estimated $250 billion for specified projects over a period of years during which specific taxes would be collected.

These include $3.5 billion of bonds to repair and improve the San Francisco area's BART transit system, a regional property tax hike to raise $3.1 billion over 20 years for mass transit in the Detroit area and $70 million of bonds to improve Rhode Island's seaport.

Kerry O'Hare, vice president of Building America's Future, a bipartisan coalition on infrastructure investment, said the dearth of reliable long-term federal transportation funding has left a void that state and local governments are trying to address via ballot measures.

"At the state and local level, it's 'Listen, we need to step up and raise money for transportation needs,'" she said.

By REUTERS

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