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If Rich States Need Federal Help, Remember They Paid for It.

It would be a sign that progressive taxation has worked and should continue.

Yes, Connecticut is in trouble. No, it's not going to follow the path of the Greek debt crisis.

My Bloomberg Opinion colleague Brian Chappatta recently wrote about widening credit spreads on its municipal debt, and the prospect that one day the state could default. Other states like New Jersey and Illinois have similar woes.

Mitch Daniels, president of Purdue University and former governor of Indiana, compared the state budget crisis with the European debt crisis, with Connecticut and Illinois playing the role of Greece and Italy. But this analogy gets the relationship backward. Daniels also argued that the structure of the U.S. Senate will prevent "profligate" states like Connecticut from being bailed out by others, but given the structure of U.S. taxation, it's entirely appropriate for some of the overburdened states to get federal help.

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Bloomberg Economics

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July 27, 2018, 4:00 AM PDT