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State And Local Governments Get Shot Of Stimulus.

Summary

- The recent passage of US President Joe Biden's \$1.9 trillion COVID-19 relief package, "The American Rescue Plan Act of 2021," not only includes checks for individuals, but also allocates funds for state and local governments.
- The new relief package allots \$195.3 billion for states, territories and tribal governments, and \$130.2 billion for cities and counties.
- How this stimulus will impact the municipal bond market is an important question.
- We caution that this sort of blank spending check comes with a potential moral hazard, so good governance at the state and local level will be paramount in terms of allocating these funds judiciously, in our view.

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Apr. 10, 2021

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