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Muni Sales for New Projects Hit 10-Year High as Economy Revives.

- **Issuance already at \$65 billion in 2021, up 31% year over year**
- **Work was delayed or trimmed amid the pandemic: Ramirez's Block**

U.S. states and cities are turning to the municipal-bond market to raise money for new projects at the fastest pace in at least a decade, a sign of optimism as tax revenue improves with the reviving economy and as federal aid pours in.

Localities issued about \$65 billion in long-term municipal debt in the first four months of 2021 solely for new projects, a 31% jump from the same period of last year, according to data compiled by Bloomberg. The tally marks the most bond sales for new endeavors, known as new-money issuance, to begin a year since 2010.

The borrowing burst speaks to localities' improving confidence as business activity recovers with the vaccination campaign and as localities ponder how to spend the money they're getting from the \$350 billion of aid in President Joe Biden's American Rescue Plan.

Get Your Shovels Ready

Cities are borrowing for new projects at the fastest pace since 2010

In just two examples of deals for infrastructure projects that are about to hit the market, West Virginia is selling more than \$200 million of general-obligation bonds to fund highway, bridge and secondary road construction; and Colorado is set to issue \$500 million of certificates of participation for highway and transit projects in rural areas.

"Many issuers delayed projects or scaled them back because of the pandemic," said Peter Block, head of municipal strategy at Ramirez & Co. "We're seeing a natural increase in new money as the economy picks up."

Sales Boomlet

Local officials are seizing on low interest rates and robust demand for municipal debt to borrow for projects or refinance for savings. That's causing sales boomlets in some parts of the \$3.9 trillion state and local bond market — transportation-related issuance reached a record in the first quarter, surpassing the previous peak in 2008, data compiled by Bloomberg show.

Maine Governor Janet Mills, a Democrat, is proposing to sell bonds that will complement her plan to invest the nearly \$1 billion the state is set to receive from the American Rescue Plan.

Tom Kozlik, head of municipal strategy and credit at Hilltop Securities Inc., estimates that about \$650 billion in federal aid will be spread across different municipal sectors, possibly bringing about a "golden age" of opportunities in public finance.

"If public finance issuers were on the fence about selling debt this year, they are probably leaning toward doing it," he said.

With muni sales overall expected to increase heading into the next few months, the project boom could extend through 2021.

"This year is on track to equal or exceed last year," Natalie Cohen, founder of National Municipal Research, Inc., said of new-money issuance. "There is some light at the end of the tunnel."

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By Peyton Forte

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