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How Cryptocurrency Could Help to 'Crowdfund' Public Projects.

The idea of leaning on the emerging technology to issue municipal bonds in small denominations has the potential to benefit governments and investors alike. But can the muni market adapt?

Welcome back to *Route Fifty's* Public Finance Update! I'm Liz Farmer and this week I'm writing about the use of blockchain technology in the municipal bond market. Ever since the mid-2010s when blockchain and cryptocurrency really started catching on, people have been talking about the implications for government debt issuance. These include the possibility of local governments "crowdfunding" smaller and medium projects, like parks upgrades, by giving people a chance to buy municipal debt in amounts under \$100, rather than the \$5,000 floor that is the current standard.

The idea of "democratizing" the municipal market—i.e., making it more accessible to regular folks—has pretty wide appeal. In fact, in late 2021, the city of Berkeley announced it was [set to become](#) one of the first cities in the nation to incorporate blockchain technology in its bond offerings. Very exciting, except for one small thing: for years now, headlines have been saying the city is poised to issue "microbonds." I even wrote a [feature article](#) in 2018, saying that later that year, Berkeley expected to pilot its microbonds idea by issuing them to buy a firetruck.

But, it turns out, fundamentally changing muni bond issuance takes a while. It begs the question, is drastically altering access to the municipal market—which has historically been pretty resistant to change—even possible?

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