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Municipal Bond Issuers on Edge as Debt Ceiling Deadline Nears.

City and state governments fear potential surge in cost of financing

A Utah city's plan to issue about $15 million in bonds to fund a new parking structure has officials fixated on the fast-approaching deadline to raise the U.S. debt ceiling. The fear: A default could upend the bond market.

"The cost will skyrocket for us, and financing could become unattainable," said Mark Shepherd, mayor of Clearfield, about 30 miles north of Salt Lake City.

A surge in borrowing costs could result in local projects in Clearfield and elsewhere being left unfinished, said Shepherd, who is also chair of a National League of Cities committee on federal advocacy.

Continue reading.

The Wall Street Journal

By Brenda León and Heather Gillers

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