

U.S. INFRASTRUCTURE IS BACKED BY MUNICIPAL BONDS: THREE THINGS TO KNOW



Addressing the estimated \$2 trillion U.S. infrastructure gap is a critical topic for policymakers. Often overlooked in the national discussion about infrastructure is the fact that most of it—roads, bridges, schools, and water and sewer systems—is financed by local governments through the sale of municipal bonds to investors.

These investors and bond issuers in the municipal bond market—a nearly \$4 trillion securities market unique in the world for its size and scope—are protected by regulations put in place by the Municipal Securities Rulemaking Board (MSRB). The MSRB was established in 1975 and develops the rules for financial professionals that keep this market of over 50,000 bond issuers, one million bonds outstanding and millions of investors fair, efficient, and reliable.

To help policymakers, the media and investors understand municipal bonds and how public assets are financed at the state and local level, the MSRB provides a detailed, objective primer: "[*Municipal Securities: Financing the Nation's Infrastructure*](#)." Here we provide highlights as a starting point.

Three Things to Know About Municipal Bonds and Infrastructure



State and local governments—not the federal government—pay for the majority of U.S. infrastructure development and maintenance.

- State and local governments account for nearly 75 percent of public infrastructure spending, or three times the contribution of the federal government.¹
- The bulk of this state and local government funding goes to schools, highways, and water facilities.²



The municipal bond market is the primary means of financing public infrastructure in the United States.

- About 90 percent of state and local capital infrastructure spending is financed with debt, such as municipal bonds.³
- From 2009 to 2018, state and local governments issued approximately \$4.1 trillion in municipal bonds, with an annual average volume of \$412 billion.⁴

**Want to learn more?**

Read the MSRB's [Infrastructure Primer](#) and other resources at msrb.org, or contact Ted Hamlin at thamlin@msrb.org for assistance connecting with a municipal market expert.

 **3****Details about virtually all municipal bond-financed infrastructure projects are available for free and online through the MSRB's [EMMA® website](#).**

- EMMA, which stands for Electronic Municipal Market Access, is the official repository for information on municipal bonds, offering free public access to ongoing financial disclosures from bond issuers, trade information and analytical tools.
- EMMA makes it easy for municipal market investors to review information such as:
 - Municipal bond pricing, yield and trading activity;
 - Official statements that provide bond attributes such as the source of revenue for repayment, economic information about the community and the financial condition of the issuer;
 - Annual financial statements of state and local government issuers; and
 - Changes in financial condition that may affect repayment of the bond.

1 McNichol, Elizabeth. August 10, 2017. "It's Time for States to Invest in Infrastructure". Center on Budget and Policy Priorities. <https://www.cbpp.org/research/state-budget-and-tax/its-time-for-states-to-invest-in-infrastructure>.

2 Ibid.

3 Marlowe, Justin. August 2015. "Municipal Bonds and Infrastructure Development – Past, Present and Future". An International City/County Management Association and Government Finance Officers Association White Paper.

4 MSRB, Thomson Reuters. 2018

This information is for educational purposes only and provides a general overview of the subject matter and does not constitute investment, tax, business, legal or other advice.

About the MSRB

The MSRB protects investors, state and local governments and other municipal entities, and the public interest by promoting a fair and efficient municipal securities market. The MSRB fulfills this mission by regulating the municipal securities firms, banks and municipal advisors that engage in municipal securities and advisory activities. To further protect market participants, the MSRB provides market transparency through its [Electronic Municipal Market Access \(EMMA®\) website](#), the official repository for information on all municipal bonds. The MSRB also serves as an objective resource on the municipal market, conducts extensive education and outreach to market stakeholders, and provides market leadership on key issues. The MSRB is a self-regulatory organization governed by a 21-member board of directors that has a majority of public members, in addition to representatives of regulated entities. The MSRB is overseen by the Securities and Exchange Commission and Congress.