A Troubled Trio: Investing in New York, New Jersey and Connecticut

by Howard Cure

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Introduction

The Tri-State area of New York, New Jersey and Connecticut remains one of the most economically diverse and dynamic regions of the country. However, each of the three states are facing fiscal challenges that are derived from a combination of competitive economic forces, changes to long-established federal programs, and their own mismanagement.

Connecticut and New Jersey are in particularly precarious but not irreparable positions. These states need to create and maintain sustainable operating and capital budgets that provide stability and comfort to the owners of its debt.

This report considers property tax burdens, pension liabilities and infrastructure needs, and the broader issues associated with the newly implemented Federal Tax Cuts and Jobs Act. Our focus is the impact of these issues on bond prices, risks to credits and the purchase or sale opportunities that may arise.

Property Taxes

The region is home to some of most expensive real estate in the country and, as demonstrated in the chart below, some of the highest real estate tax rates. New Jersey leads the pack with an effective real estate tax rate of 2.35%. Connecticut ranks fourth, with local entities facing continuing property tax rate pressure. New York as a whole fares better, but the New York metropolitan area (Long Island and the counties of Westchester and Rockland) has high property tax rates and expensive real estate. Even though New York City's property tax rates are relatively low, residents have the additional burden of a separate city income tax.

2017 Property Taxes by State[1]

Rank	State	Effective Real Estate Tax Rate	Annual Taxes on $178,600 Home*
1	New Jersey	2.35%	$4,189
4	Connecticut	1.97%	$3,517
11	New York	1.62%	$2,899

*$178,600 is the median home value in the U.S. as of 2015, the year of the most recent available data.

Property Taxes by County[2]

County	Median Home Value	Average Effective Property Tax Rate	Median Annual Property Tax Payment
New Jersey			
Bergen	$484,775	2.160%	$10,471
Morris	465,753	2.075	9,664
Essex	403,961	2.635	10,644
Passaic	355,494	2.607	9,268
Union	368,390	2.500	9,210
New York			
Manhattan	932,366	0.843	7,860
Suffolk	410,194	2.219	9,102
Nassau	493,049	2.220	10,946
Westchester	553,123	1.964	10,863
Rockland	467,744	2.341	10,950
Connecticut			
Fairfield	429,548	1.633	7,015

Reasons for high property taxes in the suburban New York region include the cost of the education system and the popularity of Home Rule, which results in multiple school districts in each state covering individual towns. Municipal labor costs are higher than the national average, as government entities have to compete with the private sector in a high-cost region to attract and retain employees. Furthermore, public service employee unions exert significant political power in the region that helps to protect their pay and benefits. In New Jersey in particular, there is a reliance on property taxes rather than income or sales tax receipts which all go to the state.

Property Taxes in the New Tax Regime

The cap on state and local tax, or SALT deductions, imposed by the Tax Cuts and Jobs Act of 2017, or TCJA, effectively increases property tax burdens on owner-occupied properties, raising a homeowner's cost of carry and may reduce the market value of the property when considered by a potential homeowner. TCJA has also doubled the federal income tax standard deduction, which for many Americans will end their benefit from the mortgage interest deduction and may reduce their interest in buying or retaining ownership of a home.

Federal Income Tax

The income tax system for all three states and for New York City is very progressive and becoming more so. In New York City, the top 1% of filers account for 45.5% of all income tax revenue. In New York State, the top 1% account for 40.9% of total revenue. New Jersey and Connecticut residents earning over $1 million (0.7% in each state) generate 29.1% and 26.4% of total state income tax, respectively. The TCJA further increases the tax disparity between these and other states, particularly for wealthy individuals by capping the SALT deduction:

Tax Decrease/Tax Increase in 2018 under TCJA[4]

	New York City	New York State (excluding New York City)	New Jersey	Connecticut	Florida
Income	Married	Married	Married	Married	Married
$50K	-$294	-$294	-$294	-$294	-$294
$75K	-$2,244	-$2,244	-$2,244	-$2,244	-$2,244
$100K	-$1,406	-$2,265	-$2,350	-$2,408	-$2,654
$150K	-$2,455	-$3,770	-$3,729	-$4,086	-$6,154
$175K	-$3,706	-$3,706	-$3,706	-$3,706	-$6,671
$200K	-$5,831	-$5,831	-$5,831	-$5,831	-$7,778
$500K	-$19,417	-$19,417	-$18,295	-$18,295	-$19,743
$750K	+$1,288	-$1,741	-$637	-$4,389	-$22,001
$1M	+$10,132	-$5,128	-$2,337	-$6,624	-$31,065
$5M	+$114,916	+$38,260	+$53,413	+$15,040	-$118,483
$10M	+$257,177	+$103,777	+$123,101	+$42,121	-$227,619

The region accounts for three of the top five states with the highest SALT deduction per claimant.[5]

State	SALT Claim Rate (%)	SALT Deduction Claimed per Filer ($)	SALT Deduction per Claimant ($)
New York	34.5%	$7,655	$22,169
Connecticut	41.3%	$8,113	$19,665
California	34.4%	$6,339	$18,438
New Jersey	41.2%	$7,351	$17,850
Massachusetts	36.9%	$5,739	$15,572

Limits on the SALT deduction are likely to reduce financial flexibility for state and local governments while raising the effective cost of state and local income, sales and property taxes. For some households, the higher cost of state and local taxes will entirely offset any reductions in federal taxes. As a result, state and local governments in high-tax locations will be forced to reduce service levels or win political acceptance of higher tax rates, a significant hurdle, especially in areas with sluggish wage growth.

Also, while changes to the Alternative Minimum Tax, or AMT, may mitigate the overall tax burden for certain filers in high-tax states, they will not change the relative benefit of moving to a low tax state.[6]

Of course, the federal tax brackets and SALT deduction cap are scheduled to expire in 2025, which may mean that there could be a reversion to higher earners being able to deduct large amounts of SALT payments and a continuation of the system that has largely been in place for the last decade. However, Congress could potentially extend specific or all provisions of the bill in the future years, or even prematurely amend or cancel parts of the bill if there is a shift in power in coming election cycles.

In the interim, most New Yorkers, as well as taxpayers from New Jersey and Connecticut, will experience some short-term tax relief, as indicated by the Partnership for New York chart (above).[7]

Local companies will also fare reasonably well. The TCJA reduced the corporate tax rate to 21% from the previous top rate of 35% and made a host of other changes to the way businesses are taxed. The corporate tax cuts will boost some industries far more than others, in part because some sectors, like financial firms, pay higher effective tax rates than, say, manufacturing companies. On balance, the tax legislation should sharply lower corporate taxes as well as taxes on other businesses. This should benefit the metropolitan area's overall economy and the competitive position as a global business center.

State Income Tax

State	Top Income Tax Rate
California	13.30%
New Jersey	10.75% (2019 FY budget proposal)
New Jersey	8.97% (2017)
New York	8.82%
New York City and State	10.7%
Connecticut	6.99%

As referenced above, the region has among the highest top state income tax rates in the country. Rather than focusing on individual income taxes to enhance revenues, the State Senate President of New Jersey is considering a one-third increase in New Jersey's corporate tax rate – from nine percent to a nation-high 12% rate – on businesses with more than $1 million in net income, to bring $657 million in revenue to the state. This would be in lieu of a millionaire's tax on New Jerseyans with income over $1 million, given the new limits placed by the $10,000 federal cap on state and local tax deductions. An advantage of raising revenue through a corporate tax is that federal tax law still allows corporations to deduct state and local taxes. We suspect that other high-tax states that are particularly constrained by the new SALT cap will be turning to corporate taxes for the same reasons.

New York's Effort to Confront the TCJA

New York State's fiscal year 2019 approved budget incorporated two changes so residents can attempt to capture the full state and local tax deduction in the form that existed before the new TCJA.

1. The budget incorporated a statewide payroll tax system. Instead of workers paying income taxes, employers would take the equivalent amount of money out of a worker's paycheck via a payroll tax. The business would then pay the tax and deduct it from their federal taxes. The employee would then have a lower net income to declare on their taxes so they would save the same amount on taxes that they did under the old system. The question is whether workers and companies are willing to make that trade-off and whether this could prompt Congress to eliminate the payroll tax deductibility since the SALT cap was such a large component of federal tax savings.
2. The budget also allows charitable trusts to accept tax-deductible payments in lieu of state and local income taxes as well as local and school district property taxes. It is still questionable whether the IRS will permit this scheme since it was billed as a way to avoid federal taxes.

The view that millionaires are highly mobile has gained much political traction in recent years and has become a central argument in debates over millionaire taxes. There have been a considerable number of studies centered around state tax levels on Americans' interstate moves.[8] For decades, Americans have been moving away from the Northeast, the industrial Midwest, and the Great Plains to southern and southwestern states, regardless of overall tax levels or the presence of an income tax in any of these states. They've moved in large part for employment opportunities, as well as for cheaper housing and warmer weather.

Earning power doesn't migrate well, however. People can move to other states, but they may not be able to take their annual incomes with them when they move. An important caveat to the results is that when these studies restrict attention to millionaire retirees, there is indeed evidence of tax flight. Also noted is that tax differentials should make a greater difference within a metropolitan area where other determinants of growth are otherwise quite similar. Across regions or metropolitan areas, tax differentials matter less. Finally, it's important to consider that deep tax cuts that result in significant deterioration in education, public safety, parks, roads and other critical services and infrastructure will render states less desirable.

It is important to distinguish between a fiscal problem caused by the TCJA and an economic problem. The fiscal and budgetary problems for the three states are derived from the progressive nature of their income tax and a reliance on a relatively small segment of the population for an outsized proportion of their main source of revenue. This is compounded by local governments' reliance on property taxes and the anticipated problems in the real estate market. Both sources of income in these states can be harmed by the fiscal pressures on the budgets of states and cities in the region caused by the TCJA. What remains to be seen is the impact from the corporate tax deduction on the region's economy. The answer could lessen the negative impact on personal income taxes.

The TCJA included several other provisions that will significantly affect many states, because most states link their state income tax to federal rules and will therefore need to decide whether to let the federal changes flow through to their state system or decouple and establish new rules. Further, states will need to make these decisions while preparing for the inevitable pressure on federal spending programs resulting from the TCJA's $1.5 trillion increase in projected federal budget deficit over the next 10 years.

This legislative/budget session, state fiscal offices will publish estimates of what the TCJA will do to state tax revenue and tax burdens without legislative actions. States that use federal taxable income or link to the standard deduction, personal exemption and itemization rules face big questions about the future of their state tax systems.

Pensions

Perhaps the biggest financial burden and credit risk faced by the states of Connecticut and New Jersey is their unfunded pension liabilities. These liabilities have taken years to accumulate and are driven by lower-than-expected returns on pension plan assets, insufficient contributions and low interest rates.

(Based on Moody's Investor Service State Pension Medians – 2017)

State	Adjusted Net Pension Liability[9] (ANPL in $ billions)	ANPL as % of Own Source Revenue	Contributions as a % of Tread Water[10]
Illinois	$200.63	486.6%	70.0%
Connecticut	$53.74	285.0%	96.9%
New Jersey	$94.97	249.5%	22.4%
New York	$42.91	47.5%	120.8%
State Median	$9.73	82.2%	103.9%

At 285%, *Connecticut* has an adjusted net pension liability that is significantly above the 50-state median, second only to cash-strapped Illinois. The Nutmeg State is among the handful of states that take responsibility for directly funding teacher pensions, contributing the full amount of its actuarially determined contributions, about $2.55 billion in fiscal 2017. It is required via bond indenture to pay the full required contribution to the teachers' plan and by collective bargaining to do the same for state employees. The state also in late 2016 reached an agreement with labor representatives to lower the investment rate of return assumption to 6.9% from 8% and to extend amortization of most of the plan's unfunded liabilities to 2046 from 2032.

These changes will benefit the budget in future years because contributions were previously scheduled to escalate throughout the next decade until unfunded liabilities were fully amortized. Although improving the long-term outlook for Connecticut, the changes do not mitigate the near- and medium-term pressure from exceptionally large pension contributions.

New Jersey: The unfunded pension liability will continue to grow at an above-average rate over the next five years, given plans to gradually increase pension contributions to full ARC, or Actuarially Required Contribution. The state currently plans to increase pension contributions annually by 1/10 of the ARC until it reaches a full contribution in fiscal 2023. (Note that NJ's tread water mark is currently at 22.4%.)

New Jersey has transferred ownership of its lottery enterprise to three of its pension funds, a transaction that will shift roughly $1 billion of annual net lottery revenues from the general fund directly to pensions for the next 30 years. On the plus side, the transaction sets a minimum level of pension contributions going forward that is equivalent to annual net lottery revenues and not subject to appropriation. However, the state's steeply rising pension contribution schedule continues to drive general fund budget pressure.

The majority of future pension contributions remain subject to appropriation, which continues to be a key risk to the state's funding plan. Over the next five years, the transfer does not increase the inflow into the pension funds or affect the state's general fund budget balance. Annual pension contributions will not increase significantly, because net lottery revenues will replace a portion of state general fund pension contributions. In addition, the incremental cost to the general fund of rising contributions remains the same because net lottery revenues previously funded other general fund expenditures.

New York, compared to most other states, particularly Connecticut and New Jersey, is not nearly as burdened by their pension liabilities. The adjusted net pension liability, or ANPL, was $42.9 billion or 47% of own-source government fund revenue, well below the national median of 82%. State statute allows the state and local governments to defer payment on a portion of annual pension contributions based on a formula that compares actuarial fund rates with an alternative schedule.

Even with the amortization of pension contributions, the state's conservative approach to funding its pensions results in contributions that exceed its tread water benchmark by about 20%.

Infrastructure

National infrastructure needs are not in dispute. Information from the American Society of Civil Engineers delineates the condition and cost of the country's infrastructure by state and assigns a grade to each state and the nation as a whole.

Key Facts from the American Society of Civil Engineers on States' Infrastructure[11]

	Overall State Infrastructure Grade	# of Bridges (% structurally deficient)	Drinking Water Infrastructure Needs Over 20 Years	Wastewater Infrastructure Needs over 20 Years	Miles of Public Roads (% in poor condition)	$ per motorist per year in costs from driving on roads in need of repairs	$ gap in estimated school capital expenditures
New York	C-	1,928 (11.0%)	$407 million	$31.4 billion	114,365 (28%)	$571	$2.9 billion
New Jersey	D+	609 (9.0%)	$933 million	$17.5 billion	39,065 (38%)	$667	$1.58 billion
Connecticut	D+	338 (8.0%)	$3.6 billion	$4.6 billion	21,512 (57%)	$864	$689 million

The proposed federal infrastructure plan under the Trump administration is an attempt to encourage private participation and an expanded state role. While it offers little in terms of additional funding from Washington, D.C., it does make an effort to remove or reduce certain federal approval requirements, which could go a long way to speed up projects and reduce costs. Some of the highlights of the plan are:

- Total of $200 billion in federal monies over 10 years with the hope to prompt $1.3 trillion in new infrastructure spending by states, local governments and private investors.
- $20 billion toward expanding federal infrastructure financing programs, such as Railroad Rehabilitation and Improvement Financing loans. New York and New Jersey plan to use these loans to fund the state's share of the Gateway tunnel, as described below.
- The plan also includes a provision to cut grants to Amtrak in half, despite the several recent high-profile crashes involving Amtrak trains. This proposal could also affect New York specifically, as Amtrak is a member of the Gateway Development Corporation that oversees the Gateway project and repairs to Amtrak's tracks in Penn Station.
- There are also proposed cuts in Mass Transit or TIGER (Transportation Investment Generating Economic Recovery) Grants.

Based on the broad outline of President Trump's infrastructure plan, the administration wants state and local governments to pay more for infrastructure, and it wants the federal government to speed up its approval processes for those projects. Their rationale is based on the stated belief that "the flexibility to use federal dollars to pay for essentially local infrastructure projects has created an unhealthy dynamic in which state and local governments delay projects in the hope of receiving federal funds. Overreliance on federal grants and other federal funding can create a strong disincentive for non-federal revenue generation. At the same time, we continue to apply federal rules, regulation and mandates on virtually all infrastructure investments."[12]

It is troubling that the federal monies are not allocated based on congestion, economic need or public good, but mostly on the basis of using leverage. There is little emphasis on how much an infrastructure proposal benefits the public and more on finding private investors and other outside sources of money. Rather, the emphasis is on whether the project is able to attract private investors.

Gateway Program: The $30 billion Gateway Program is the planned phased expansion and renovation of the Northeast Corridor rail line between Newark, New Jersey and New York City. During Superstorm Sandy in 2012, the Hudson River spilled into Pennsylvania Station, New York, arguably the most important transportation hub in North America. After water was pumped out, the tunnels were deemed safe, but there was no way to stop the deterioration, short of replacing the damaged walls and tracks. The damage forced the governors of New York and New Jersey into supporting a massive new proposal called the Gateway Program that would add tunnels, replace antiquated bridges and expand the cramped Penn Station.

We cannot exaggerate the importance of this project to the economic vitality of the tri-state area, as well as the entire Northeast Corridor from Washington, D.C. to Boston and its 51 million people. The center of this program is the two rail tunnels under the Hudson River. It is a huge chokepoint that threatens to cut off New York City from one of if its main sources of workers.

The Gateway Program is hugely expensive because it includes many different improvements. Its planners want to do far more than simply fix the existing infrastructure. For an estimated $1.8 billion, they could just rehabilitate the tunnels that were damaged by Sandy, but that would require them to shut down the old tunnels for repair. The project calls for building two new tunnels south of the current route that would cost another $11 billion. In addition, there are other related improvements between Newark and New York, including connecting the Hudson crossing to another New Jersey Transit line, replacing a whole series of bridges and expanding Penn Station to add seven more tracks.

Yet it is still an open question whether the Trump administration will keep the agreement made by President Obama to fund a share of the project, especially because federal officials never specified where they would find the money. Gateway is such a big undertaking that it would overwhelm any of the current programs for funding transit projects.

Market Considerations and Tri-State Spreads

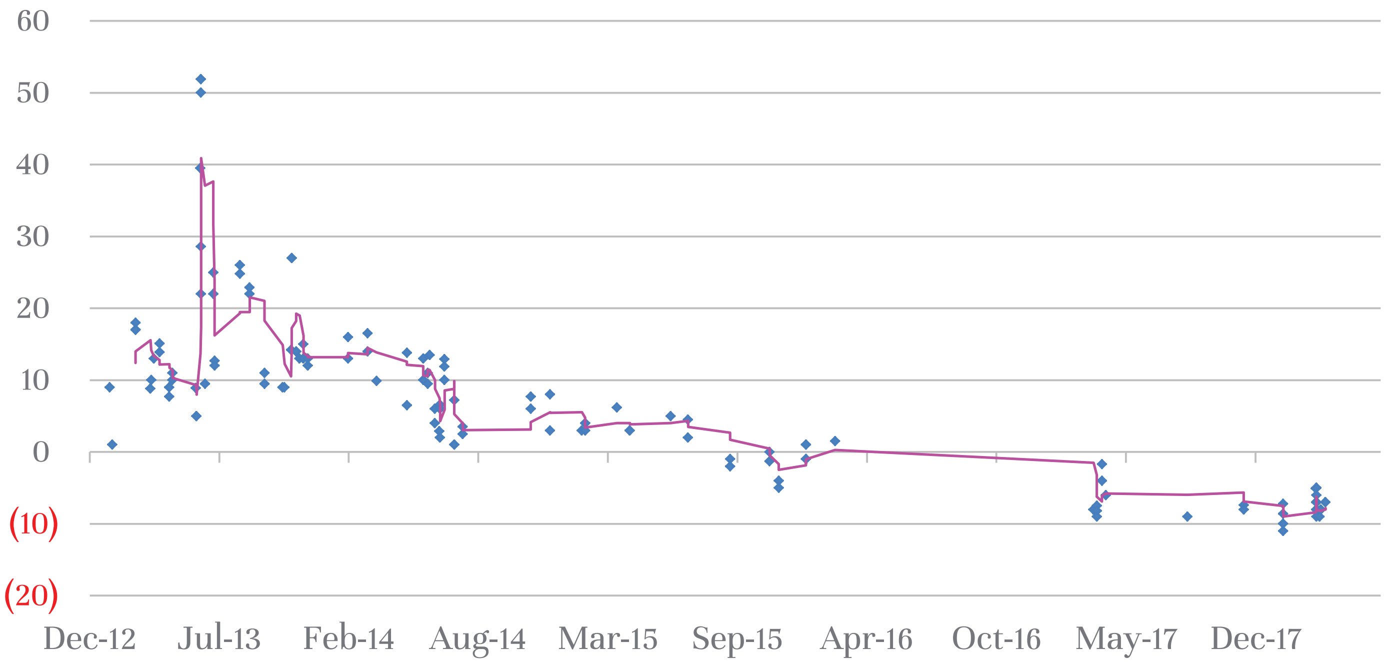
All three states continue to attract strong investor demand for municipal bonds from their own residents due to still relatively high wealth levels and income tax rates. The demand is further enhanced by the TCJA, which caps SALT deductions but not municipal bond interest. The potential for higher income tax rates as part of the solution to structurally balance the states' budgets could further increase in-state demand for municipal bonds. All three governors have to grapple with budget issues and solutions that are likely to have financial and credit implications for cities, counties and school districts. As the graphs illustrate, yields have increased and prices have declined for New Jersey and Connecticut appropriation and general obligation debt over the past five years as a result of budgetary imbalance, tepid economic recovery and onerous pension liabilities. On the other hand, New York's situation is not nearly as troubling, although projected operating deficits are on the horizon.

In selecting New Jersey or Connecticut bonds for our clients, we currently aim to avoid entities that are dependent upon the state for a significant portion of their revenues, as they may be vulnerable to cuts as these states may balance their own budgets on the backs of the lower entities. While we feel that these more vulnerable states will continue to pay debt service on their own general obligation and appropriation debt, spreads[13] for these states may continue to widen until the market is convinced that budget, infrastructure and pension issues are addressed and the economy regains some of its momentum.

While New York is dealing with its own projected operating deficit, it isn't saddled with the added burden of hugely underfunded pension liabilities. Instead, individual economic trends and management have become key factors in selecting New York credits. The state has proven its willingness to intercede on behalf of struggling governments (e.g., Rockland and Nassau Counties) to help stabilize operations. It is here where we find investment opportunities and risks that need to be evaluated within the available credit spreads.

State of New York GOs—Spread to AAA MMD (bps)

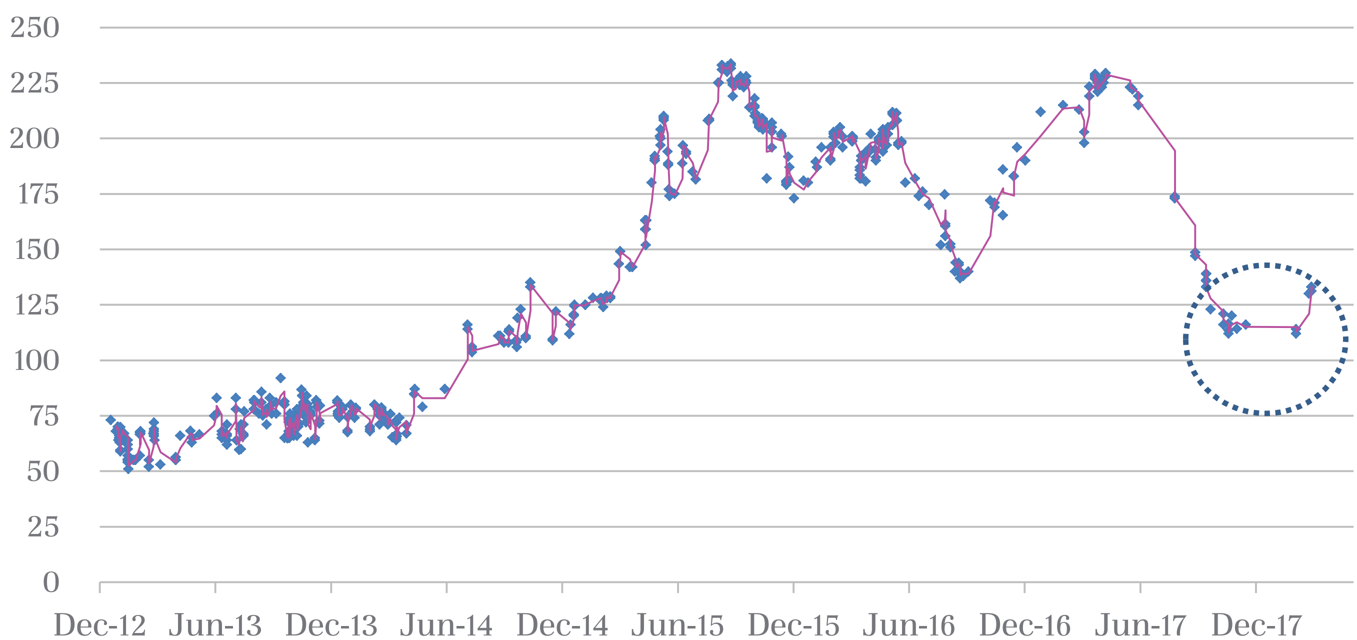
Uninsured, Aa1/AA+/AA+, 5.00% Coupon, 5 to 10-Yr Maturity, Non-callable



Source: Loop Capital Markets

NJ School Construction Bonds—Spread to AAA MMD (bps)

Uninsured, Baa1/BBB+/A- 5.00% Coupon, 7 to 10-Yr Maturity, Non-callable

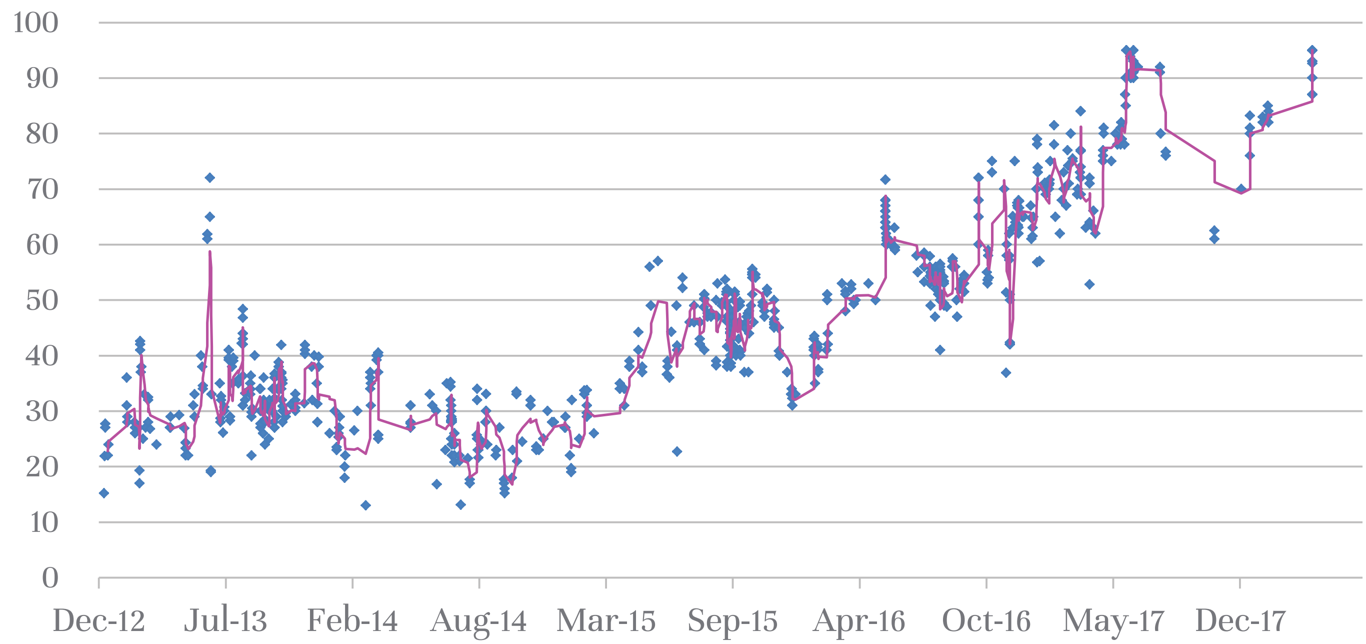


Source: Loop Capital Markets

Note: There were no trades for 7-10 yr maturities from Oct 2017 through Feb 2018, so 5-yr and 6-yr maturities were included instead (circled area)

State of Connecticut GOs—Spread to AAA MMD (bps)

Uninsured, A1/A+/A+, 5.00% Coupon, 7 to 10-Yr Maturity, Non-callable



Source: Loop Capital Markets

While we focused on the tri-state area in this analysis, it is worth noting other states that have, through economic growth and fiscal discipline, improved or maintained their financial outlook, credit situation and, ultimately, trading values. It wasn't that long ago when California was being compared to Greece, with the expectation that credit deterioration was inevitable. A combination of factors improved the situation, many of which are available to New York, New Jersey and Connecticut. These include:

- A diverse economy supported by prominent higher education institutions and a wide range of businesses in innovative sectors,
- Demonstrated commitment to align recurring revenues and expenses while paying down budgetary debts, and,
- Good and increasing budgetary reserve levels funded in part from a redirection of volatile capital gains-related revenues.

It should be noted that, like New York, New Jersey and Connecticut, California has difficulty in forecasting revenues because of a volatile revenue base correlated with financial market performance as well as a reliance on a highly progressive personal income tax structure.

The recurring budget deficits in California were rectified through fiscal discipline and economic growth, traits that need to be exhibited in the tri-state area before the fiscal situation becomes irreparable. Even states that are subject to climate risk and hurricane damage, Florida and Texas, maintain excellent credit quality. This is because both states have strong budget reserves (unlike New Jersey and Connecticut), are not overburdened by debt and pension liabilities, and have growing and increasingly diverse economies.

[1] Source: Wallethub: State with the highest and lowest property taxes

[2] Sources: National Association of Realtors Economists' Outlook October 3, 2017, and Smart Asset Property Tax Calculator

[3] Sources: New York City Independent Budget Office Summary, New York City Income and Taxes; New York State Department of Taxation and Finance, Analysis of Personal Income Tax Returns; New Jersey Department of the Treasury Statistics of Income; Connecticut Income Tax Report Website.

[4] Partnership for New York City; "What the Tax Plan Means for New Yorkers" February 2018. This analysis is based on a married filing jointly tax filer assuming two child dependents. It only accounts for the new tax brackets, the allowance for up to $10,000 in SALT deductions, the increased standard deduction, the increased AMT exemption and higher phase-out level, the repeal of the personal exemption and the expanded child tax credit. Deductions for real estate tax, mortgage interest, charitable contributions and sales tax were estimated based on statewide averages at each income level. The tax burden analysis is based on after-tax income including the impact of city, state and federal income taxes and average property taxes in each geography for the corresponding income level.

[5] JP Morgan Municipal Markets Weekly SALT Deduction Cap Impact; January 29, 2018.

[6] Alternative Minimum Tax (AMT) exemption and phase out limits are increased. For single and joint returns, the AMT exemption amount has been increased to $70,300 and $109,400 respectively (from $54,300 and $84,500). In addition, the phase-out income level has been raised to $500,000 and $1,000,000 for single and joint returns (from $120,700 and $160,900, respectively). This means that a significant number of high earners that have previously been subject to the AMT may now offset the impact of the loss of full deductibility of state and local taxes by no longer having to pay the AMT.

[7] Also note a recent study by the Citizens Budget Commission, *Practical Policy in Challenging Circumstances: How New York State and New York City Should Respond to the Tax Cuts and Jobs Act,* March 2018. In the study, they assume that the SALT cap will cost New Yorkers between $9.5 billion and $15.3 billion in additional federal taxes, reducing the federal cut they would otherwise receive or resulting in a federal tax increase. The amounts stated are a comparison to states such as Florida with no state income tax that can fully benefit from the full federal tax cut. The CBC estimates that in New York approximately 14% of taxpayers are losing full tax savings from SALT. However, they do not factor in the behavioral and imputed effects of the corporate tax changes.

[8] Studies include: Do Millionaires Migrate When Tax Rates are Raised?, Pathways, Young and Varner; How Much Do Taxes Matter? What Economists Can – and Cannot – Tell NYC Policy Makers, Citizens Budget Commission Forum, Roistacher, State Taxes Have a Negligible Impact on Americans' Interstate Moves, Center on Budget and Policy Priorities, Mazerov, Millionaire Migration and Taxation of the Elite: Evidence from Administrative Data, American Sociological Review, Young, Varner, Lurie and Prisinzano.

[9] Pension liabilities are adjusted using a discount rate reflecting market interest rates for fixed income payments that are similar in quality, timing and amount to accrued pension benefits. Then the adjusted liabilities are compared to the assets set aside to pay for them, which accounts for the ANPL. The discount rate used is the Citi Pension Liability Index, composed of AA-rated or higher quality corporate bonds.

[10] The Tread Water contribution is the amount that would cover interest on beginning of the year net pension liability, plus employer service cost accruals during the year. If all plan assumptions are met, including investment returns and demographic changes, a contribution equal to the tread water benchmark would result in a year-end net pension liability equal to its beginning of year value.

[11] American Society of Civil Engineers "2017 Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future."

[12] Fact Sheet 2018 Budget: Infrastructure Initiative

[13] The spreads refer to the difference in trading values between the highest rated, gilt-edged AAA municipal securities and the general obligation, or in the case of New Jersey, state appropriation debt.

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