THE WEEKLY MUNICIPAL PERSPECTIVE

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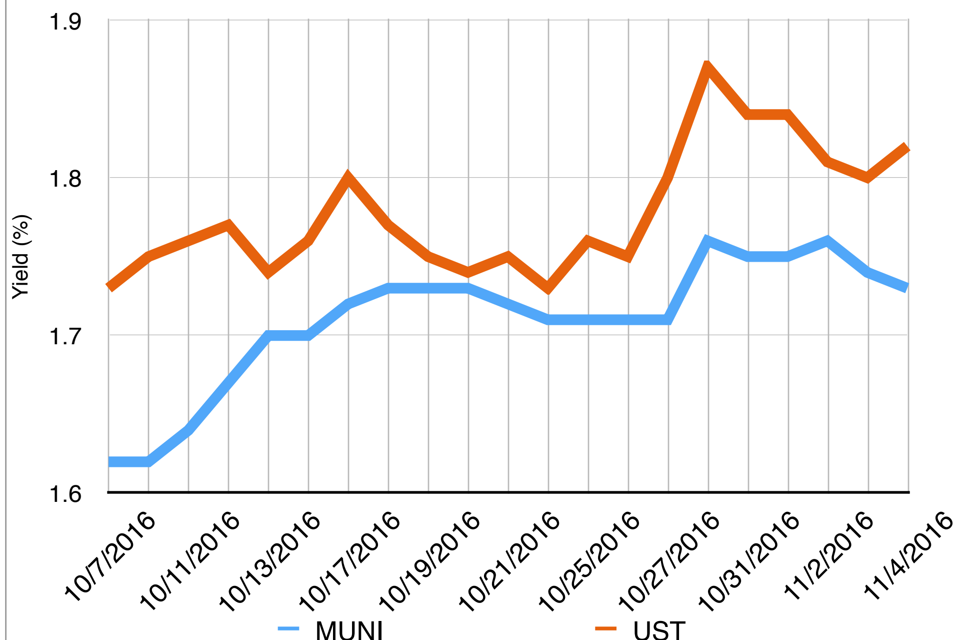
With the Presidential Election and many important measures going to be decided on this coming Tuesday, we offer our take on all things election on the next page.

Early this week, we saw U.S. Treasuries continue to move to slightly lower yields each day on a Trump-related/uncertainty safety-bid Monday through Wednesday, but on Friday the October payroll numbers turned that trade around. On Wednesday, as generally expected, the FOMC left the target rate unchanged but left the door wide open for a move in December.

Municipal benchmarks also improved modestly early on in the week (see chart below), which allowed the bulk of the week's supply to find healthy demand. Starting Thursday though, secondary markets stagnated somewhat with the Treasury market hiccup and today markets are weakening slightly with taxables.



NEXT WEEK'S KEY NEW DEALS:

- $340 million of first tier general resolution revenue bonds for the Chesapeake Bay Bridge and Tunnel District, VA, rated Baa2/BBB-/NR. Lead underwriter is Bank of America Merrill Lynch and the deal is set for November 8.
- $226 million of general obligation bonds for the State of Mississippi. Bonds mature from 2017-2036. Morgan Stanley & Co. is lead underwriter and the deal is scheduled to price on November 9.
- $220 million of California Consolidated Capital Assessment District No. 2 Assessment revenue bonds for the Sacramento Area Flood Control Agency, rated Aa3/AA/NR. Stifel, Nicolaus & Company, Inc. is head underwriter and the deal prices November 9.
- $126 million of taxable and tax-exempt general obligation refunding bonds for Blount County, TN, rated Aa2/NR/AA. Bank of America Merrill Lynch is lead underwriter and the deal is set to price on November 8.

INDUSTRY FOCUS:

NEW JERSEY TURNS DOWN ATLANTIC CITY PLAN: STATE TAKEOVER LOOMS

Rejecting a fiscal recovery plan built on a speculative mix of asset sales, bond issues and cost shifts, CSG believes the next step forward in Atlantic City's saga is a state takeover. For creditors, the threat of bankruptcy is effectively taken off the table.

The fate of the city, and its bondholders, now rests on the byzantine political machinations in Trenton, the state's capital. Looking ahead, much will be made about the importance of democracy, local control and the elective process. Many will insist that the decision was a fait accompli and that this is the outcome the Governor wanted all along.

What should municipal investors make of this? Is Atlantic City a harbinger of future defaults? **We think not**. It is hard to overlook the city's long history of inept and corrupt operations and its one-dimensional economy. The 150-day process since Memorial Day was a case study in municipal cowardice, missed deadlines, and declarations of default under a loan agreement with the State.

Despite the extraordinary need to raise revenue, the City chose not to increase taxes at any point during the five-year recovery term and provided no analysis to support its decision. Atlantic City provided no evidence of negotiated payments in lieu of taxes (PILOT) agreements with casino properties as required by the PILOT Act, thereby jeopardizing revenue collections during calendar year 2017 and beyond. And finally, the plan failed to sufficiently account for future payments for off balance sheet liabilities.

At the end of the day, the state had no choice but to conclude that the city's plan was not likely to achieve financial stability for the City. One positive takeaway to note in an otherwise sobering situation: unlike Puerto Rico, the State has avoided using a COFINA-like bond to kick the can down the road, pushing off the day of reckoning, and compounding the eventual pain.

THE PRESIDENTIAL ELECTION AND ALL THAT COMES ALONG WITH IT:

Regardless of who is sworn in on January 20 of next year, there is a common theme for which the municipal market needs to prepare: more private investment into public infrastructure over the next decade wherein the tax-exempt municipal market will likely see changes to its current form. The reality is that both candidates, and the majority of both parties, are being swayed into the belief that for this country to meet its infrastructure deficits, the current marketplace structure isn't up to par. And who is to blame them? While the market is likely to see more than $400 billion in new-issue volume this year because of historically low interest rates — that is not an annual level that will meet our future needs, and, a good portion of that has come as refundings. Refundings are a prudent move by many states and localities, but it is new money that needs to be raised to maintain and enhance this country's public infrastructure.

Hillary Clinton and Donald Trump have campaigned on infrastructure needs (details of their plans are below and analyzed) and the two areas where they meet is more private fundings and Build America Bonds. Neither candidate has touted the role of the municipal market as it currently exists while on the campaign trail this year. For those that would like to see the current form of the municipal market remain in tact, this is a problem. Instead, the focus as been on a centralization (Infrastructure Bank) of the process in which projects get capitalized is a centerpiece for the Clinton Administration. Where they both agree, though, is incentivizing a broader investor base into U.S. infrastructure projects through Build America Bonds, more private investment and Trump maintains that a tax-credit program on top of BABs will solve the problem.

First, a look at both proposals and our analysis:

Under a Hillary Clinton administration, a lot of the same concepts that have come out of Democratic proposals for more than a decade are still in the mix.

She proposes increasing federal infrastructure spending by $275 billion over a five-year period. Of that, she would direct $25 billion for a national infrastructure bank. The Clinton camp estimates the bank's assets would be leveraged by private capital of up to $225 billion. The bank would also administer part of a renewed and expanded BABs program. She uses similar language that Treasury has since the program was introduced in 2009 under the stimulus plan. "BABs are a more efficient way of helping to finance infrastructure spending than traditional tax-exempt municipal debt, as tax-exempt municipal debt ends up benefiting not just infrastructure projects but also high-income purchasers of the debt," her website says.

She is also proposing a 28% cap on the value of certain deductions, though Clinton does not specify which deductions. Given the comment above, it's safe to assume municipals would fall under the cap, if she continues to use Obama Administration proposals.

She raises the Buffet Rule, a minimum 30% tax rate on households with an AGI of $1 million or more. The top tax bracket would remain at 39.6%. This could likely bolster demand for municipals as investors look for exempt interest, that is unless a 28% cap were to come to fruition.

Donald Trump's proposal released on October 27 uses tax credits to incentivize private capital to leverage a $1 trillion investment in infrastructure over a 10-year period.

His plan, written by Wilbur Ross, a private equity investor, and Peter Navarro, UC-Irvine business professor (both senior policy advisors to the Trump campaign) would need Congress to authorize $137 billion of tax credits that could then be used by investors to leverage $167 billion in private funds, which by their estimates would lead to up to a trillion dollars in infrastructure investments.

Trump would lower taxes on repatriation on companies down to 10% from the current 35%, thereby requiring those companies to use those earnings to buy equity tax credits for infrastructure projects.

The report alludes to the traditional tax-exempt market as inefficient and costly. It speaks in vague broad strokes, calling into question whether the campaign fully grasps the functionality of the municipal market. They do not call for municipals to be fully supplanted by his tax-credit proposal, however, and the tax credits would only be used for projects that have a direct revenue stream, such as toll roads and airports, that the authors argue private investors would find most palatable.

The report touts BABs twice and throws its support behind the defunct program.

"This innovative [tax-credit] financing option would serve as a critical supplement to existing financing programs, public-private partnerships, Build America Bonds, and other prudent financing opportunities," the authors wrote.

Interpretation and Thoughts

Over the last few years, various associations declared to the industry that they are filling the void in terms of helping Washington to "get" the municipal market. Proponents of preserving the tax-exemption have gotten support from some mid-level Congressmen and women, and a few power players, but have failed at getting support from a real majority of members, and more importantly, have failed to do so at the White House. The result is these campaign proposals outlined above.

There is no doubt that tax-reform and infrastructure needs are going to be at the top of the next President's list. Whether they can actually achieve policymaking through a difficult Congress (for either candidate, frankly) is another thing. We expect that year one for either administration is going to be the highest chance of momentum on either front as the following year will dip back into mid-term obstinance. The difference this year is that neither candidate will come into Washington with the momentum that Obama had in 2008 — and this leads us to believe that any efforts to enact legislation will be piece-meal and not comprehensive.

One important tea leaf will be who next occupies the position of Director of the Office of State and Local Finance at the U.S. Treasury Department. We do not expect Kent Hiteshew, who currently is the Director, to stay on into the next Administration, regardless of which party controls the White House. Mr. Hiteshew came in as a long-time municipal market professional; someone who knows the market quite well and respects its foundations. That office was bogged down with the Puerto Rico crisis during

Hiteshew's tenure. It would have been interesting to see what direction they took on if the territory hadn't required so much attention.

What really matters with this office becomes what type of person next leads it. There is already speculation of what type of market professional will take the helm. We will be watching whether it is someone who comes from a public finance background. And if so, is it from a firm that operates in the traditional municipal market or one that has broader interests in private investment in the space. What would be surprising would be if someone enters it from the private space altogether, which would be very meaningful in terms of the direction the administration wants to take it. Or does the office, which was created in the wake of the financial crisis, disappear altogether? Stay tuned.

Headline risk will be at a high over the next four years: Puerto Rico will get worse before it gets better and the Oversight Board will continue to play into the narratives that politicians want to take it. Atlantic City will likely see state oversight. Chicago's problems will not go away. The broader pension drumbeat grows louder. After seven years of modest economic growth, history tell us that a downturn is in the future. State revenues are slowing. Public finance faces a very daunting period ahead. The White House and Congress will have to pay more attention to it and that tends not to be a good thing, especially given everything we just outlined above.

Private Solutions Can Be Problematic

It's clear that both candidates want to incentivize the private sector to contribute to financing public infrastructure. However, while it is widely known that there is a network of private funding available, there are certain problems with incorporating it into public infrastructure. There is a reason that public-private partnerships are not that popular with state and local governments; a few failed or flawed projects over the years bring more consternation by officials.

States and cities are not corporations, and when they may go through rough times, they cannot simply vanish as thousands of corporations do regularly.

There is the local policy side of it: what is palatable to constituents? Are we willing to rename the George Washington Bridge the Raymond James & Co. Bridge? What if the private company financing a toll road goes bust?

Additionally, states and localities hold elections and public officials turn over, and generally with more frequency than federally elected officials. As is the case in federal politics, what one elected government body legislates in a given cycle, another one could turn the tables and legislate the previous policies out of existence.

This is not to say that we should eschew private investments in our public infrastructure. But we need to retain the structural stability and continuity of the municipal market that has built and maintained 3/4 of the country's infrastructure for more than a century.

What is clear is that there is a general lack of understanding (or perhaps focus) by both candidates of the value and efficiency of the municipal bond market in its current form. Most proposals from the current

administration and certain members of Congress have favored a diluted exemption — whether through caps on the value (28% cap) or introducing tax-credit bonds that aren't or won't be widely used. In essence, it's a means of controlling the subsidies that the federal government sends to states and localities. The problem is, of course, that current congresses cannot predict the actions of future congresses. Even when over the course of attempts to bring back BABs, the proposals say the subsidies cannot be touched by sequestration, who is to say future lawmakers just wouldn't write that one out? In politics, nothing is certain.

CSG Expectations:

It is still Clinton's election to lose. The race is tightening but we are operating under the expectation that we have a Clinton in the White House over the next four years. We don't poll but quite frankly, we've put more thought into a Clinton White House and the unknowns are so great for Mr. Trump that expectations on how that Presidency impacts the market is difficult. As we noted last month: less unknowns, and likely a whole cadre of ex-Bill staff and hanger-oners, and Senator/Secretary Clinton's team, means a more institutionalized Washington. Most lobbyists we've spoken to are actually in favor of this type of environment because the traditional rules of engagement are back on the table. The National Infrastructure Bank, buoyed by BABs and a 28% cap are going to be front and center as it pertains to the Administration's take on public finance.

How the Republicans respond will be key. At this point, that side of the aisle has acknowledged infrastructure as a problem to be solved but has yet to identify a response to the Clinton proposals. As noted above, we expect a private solution to be part of their response but whether they defend the exemption is yet to be seen. Clinton is more likely to look to dilute it in favor of private investments. Whether Republicans come along with the idea will be the most important element going forward for how the municipal market is structured.

A LOOK AT TRANSPORTATION INITIATIVES:

If it was not made clear that infrastructure is a key part of the election this year at the federal level, states and local governments are keenly aware of their own needs and there are multiple tax increases and ballot initiatives on tap to address them. There are nine counties in California seeking sales tax increases for transit projects. Kansas City, MO, Charleston, SC, and Columbus, OH have sales tax increases for transit on the ballot. Twenty-seven transit-related ballot initiatives are up for a vote this November — the largest being Los Angeles' bid for $120 billion over 40 years for transit, transportation and road improvements, paid for with a half-cent sales tax increase. Here are a few highlights:

KEEP AUSTIN...MOBILE

Voters in the City of Austin, TX, will consider one proposition for $720 million in General Obligation bonds to fund transportation and mobility improvements. The proposal calls for implementation of a Corridor Construction Program in ways that prioritize: a) reduction in congestion; b) improved level of service and reduced delay at intersections for all

modes of travel; c) connectivity, and improved effectiveness of transit operations within these corridors and throughout the system; and subject to these conditions, also makes allowances for: i) preservation of existing affordable housing and local businesses on the corridors, and opportunities for development of new affordable housing along the corridors, including, but not limited to, the use of community land trusts, tax increment finance zones along corridors, homestead preservation zone tools, revisions to the S.M.A.R.T. Housing Program, and targeted investments on the corridors utilizing affordable housing bonds and the Housing Trust Fund; ii) geographic dispersion of funding; and iii) opportunities to facilitate increased supply of mixed-income housing.

The plan has the goals of reducing vehicle miles traveled, increasing transit ridership and non-vehicular trips, and promoting healthy, equitable, and complete communities. That's a complicated way of saying that it wants to promote bus ridership and bicycle use. Based upon market conditions as of the date of the ordinance and using taxable assessed values for the 2015 tax year (2015/16 fiscal year), without adjustment for anticipated growth in taxable assessed value in future years, if the bonds and notes are authorized, the estimated total tax rate of the City is expected to be about $0.5339 per $100 of taxable assessed value (which represents an increase of $0.0750 per $100 taxable assessed valuation as compared to the City's total tax rate as of the date of adoption of this ordinance), based on current State law, which is subject to change. City financial staff has determined that, if the bonds and notes are authorized, the City's total tax rate would increase by an estimated $0.0225 per $100 of taxable assessed valuation.

The campaign to pass Austin's $720 million transportation bond initiative, powered by donations from real estate, development, engineering and construction individuals and companies, has raised eight times as much money as opponents of the measure.

NORTH CAROLINA

Wake County, NC voters will see a referendum on their general election ballot for a one-half percent local sales tax increase to partially fund the Wake County Transit Plan. This recurring local revenue source would be authorized by NCGS 105- 164.13B. Upon approval by Wake County voters, the sales tax would be adopted and funds would be available in Spring 2017. To project sales tax dollars that would be available, actual Wake County Article 39 gross revenues for fiscal year 2015 served as the base, less 10% as Article 39 is charged on food purchases, which are prohibited to be taxed as part of Article 43. Then, it was assumed that the local sales tax revenue would be half of that amount, as Article 39 is one cent and Article 43 is one half cent.

Using the County's same assumption for sales tax growth that is used in the County's debt and capital financial model, this amount was grown annually by 4%. Accordingly, the alternatives include an assumption that the half-cent sales tax revenue available for new transit would be $78.5 million in FY 2018 and would grow by 4% annually thereafter.

The schedule of capital projects would occur over the next 10 years and is dependent on multiple factors, including successful grant awards. The planning and design process may begin for the infrastructure projects — the Commuter Rail Transit (CRT) corridor and the four Bus Rapid Transit (BRT) corridors — simultaneously, or it may be phased.

Through that process, the corridors will be prioritized based on feasibility and cost. Individual projects or groups of projects will be submitted for federal grants and State Transportation Improvement Program (STIP) funding. Since BRT can be built incrementally, improvements — such as new buses, signal prioritization, off-board fare collection, level-boarding stations, or dedicated busways — can be built in phases.

For example, the initial project may include dedicated busways on 50% of the corridor and additional lane-miles of dedicated busways will be added in future years as those sections of road are widened, redeveloped, or as additional funds become available.

Corridors that are anticipated to have high ridership and fewer physical constraints (thereby lowering impacts and costs) are likely to move faster through the federal funding process. To create a more useful commuter rail project, the CRT line was assumed to extend from Garner to Durham as part of the first phase. A line ending at RTP, and therefore almost entirely in Wake County, was considered. However, successful commuter rail services running only during peak hours rely heavily on a major dense employment center within walking distance of stations. While NC State and downtown Raleigh provide his to a degree, the analysis concluded that downtown Durham and Duke University also need to be on the line to generate strong two-way demand sufficient for the line to succeed.

ATLANTA CHALLENGES TRAFFIC BOTTLENECKS

Atlanta, GA, voters will have the opportunity to cast their ballots for two ballot referenda authorizing investment in transit and transportation infrastructure. The City of Atlanta has proposed a special purpose local option sales tax for transportation — a T-SPLOST — for four-tenths of a penny or an additional 4 cents on a $10 purchase. This T-SPLOST will generate about $300 million over a five-year period to fund significant and expansive transportation projects citywide. MARTA, the Metropolitan Atlanta Rapid Transit Authority, has also proposed a half-penny sales tax for transit expansion and enhancements in Atlanta. Over a period of 40 years, this half-penny sales tax will generate an estimated $2.5 billion, allowing MARTA to make major investments in transit infrastructure, including introducing high-capacity rail improvements, building new infill rail stations within the City, purchasing new buses, adding more frequent service, and introducing new bus routes.

The approval of the two referenda will implement high priority projects from the Connect Atlanta Plan, the City's comprehensive transportation plan, the Atlanta Streetcar System Plan, and Concept3, the Atlanta region's transit plan, and more than a dozen neighborhood and community plans that have been adopted in the last six years, and features projects in nearly all of the city's commercial districts, including: $66 million for the Atlanta BeltLine, which will allow the BeltLine to purchase all the remaining right of way to close the 22-mile loop; $75 million for 15 complete streets projects; $3 million for

Phase 2 of the Atlanta Bike Share program; $69 million for pedestrian improvements in sidewalks; and $40 million for traffic signal optimization. In addition, the projects include high priority sidewalk and

bikeway projects connecting our neighborhoods to 80 Atlanta Public Schools and all of Atlanta's rail stations.

SAN FRANCISCO BAY AREA

A measure on the November 8 ballot purports to provide for free-flowing traffic on Highway 101, smoothly paved roads, designated bike lanes, Bay Area Rapid Transit (BART) in the South Bay and not a pothole in sight anywhere. Santa Clara Valley Transportation Authority's (VTA) Measure B not only proposes to untangle bottle-necked highways, expressways and interchanges, repair roadways and potholes and finally bring BART to the South Bay, but also aims to ensure bicycle and pedestrian safety around school zones, increase Caltrain ridership and add transit options for seniors, students and the disabled. This ambitious list of goals comes with a hefty $6.3 billion price tag and South Bay and Peninsula taxpayers are being asked to pick up the tab.

Measure B is a 30-year half-cent sales tax that requires a two-thirds super-majority vote to pass. If approved, it would go into effect as soon as April. Of the $6.3 billion, $1.5 billion would be spent to bring BART to downtown San Jose and Santa Clara; $1.2 billion to maintain and repair streets, $1 billion to improve Caltrain capacity and construct grade separations, $750 million to expand the county's nine expressways, $750 million to pay for freeway interchange improvements, $500 million to bolster transit operations for under-served residents, $350 million to study transit alternatives on the Highway 85 corridor and $250 million to make bicycle and pedestrian improvements.

VTA would appoint an independent citizens' oversight committee to annually track all that money to make sure it's spent as promised. Traffic experts identified $48 billion worth of traffic-relief measures needed and securing the remainder of that money will have to be done through other means. The passage of Measure B would draw anywhere from $3 billion to $3.5 billion in additional state and federal funding according to estimates. Then, based on past practices, other local, regional, state and federal funds would generate an additional $10 billion to $12 billion over the life of the measure.

Sales tax votes have a long history and Measure B is only the latest in a series of sales tax measures in Santa Clara County over the years. Voters in 1984 passed a 10-year half-cent sales tax to build Highway 85, widen Highway 101 and upgrade Highway 237 to a full freeway. In 1996, a nine-year half-cent sales tax was approved for general county purposes, which included widening highways 101, 880, 17 and 87, upgrading interchanges, extending light rail, increasing Caltrain service, expanding bicycle routes and improving senior and disabled transit service. A transit improvement program funded by a 30-year half-cent sales tax was passed in 2000, but it didn't begin until April 2006, when the 1996 measure expired. The current measure supports several transit improvement projects in the county, among them the BART to Silicon Valley extension project.

About $1.2 billion of Measure B revenue would be divided among 15 cities for street maintenance and repairs, with respective amounts based on population and road miles. At $580 million, San Jose would receive the largest share of the street maintenance funds. That breaks down to about $19 million a year.

SEATTLE

Sound Transit (A Regional Transit Authority) Proposition No. 1 would authorize Sound Transit to levy or impose: an additional 0.5% sales and use tax; a property tax of $0.25 or less per $1,000 of assessed valuation; an additional 0.8% motor-vehicle excise tax; and use existing taxes to fund the local share of the $53.8 billion estimated cost to expand light-rail, commuter-rail, and bus rapid transit service to connect population and growth centers. It would fund light rail to add 37 new stations connecting employment, growth, and population centers, with trains serving Everett via the industrial center near Paine Field, Ballard, South Lake Union, Seattle Center, West Seattle, South Kirkland, Bellevue, Issaquah, Federal Way, Fife, Tacoma, and Tacoma Community College. Commuter rail improvements would add longer trains; new Tillicum (Joint Base Lewis- McChord) and DuPont stations; and more bus, pedestrian, bicycle, and parking facilities at stations. Improvements to the regional bus system would increase bus rapid transit runs every 15 minutes all day (every 10 minutes during peak commute hours), with new freeway stations along I-405/SR 518 (Lynnwood-Bellevue-Burien) and SR 522/NE 145th (UW-Bothell-Kenmore-Lake Forest Park-Shoreline light-rail station).

Editorial opinion in the region is not consistent. Tax conservatives are unsurprisingly opposed to the plan. A campaign in favor of the plan is being financed by the regions leading business interests. The likelihood of approval is currently uncertain.

BOND BALLOTS AND TAXES :

With so much focus on the presidential race, and its many bizarre twists and turns, it is easy to lose focus on items that do not have effects on elective office. Many important state and local spending, taxing and capital investment issues are going to be decided on November 8. Again, many are focused on transportation infrastructure.

BOND BALLOT ITEMS

CALIFORNIA — One of the biggest ballot questions facing California voters is Prop 53, which would require statewide voter approval before any revenue bonds can be issued or sold by the state for certain projects if the bond amount exceeds $2 billion. The governor and business groups are against the measure, which could derail the proposed high-speed train between Los Angeles and San Francisco.

ARKANSAS — Issue 3 removes the cap on the amount of bonds the state is allowed to issue to a corporation, association, institution or individual to help finance economic development projects and services; requires voter approval. Recall that this conservative state was the first and only in the country to go bankrupt.

MAINE — Question 6 creates a $100 million bond issue for construction, reconstruction and rehabilitation of highways and bridges and for facilities, equipment and property acquisition related to ports, harbors, marine transportation, freight and passenger railroads, aviation, transit and bicycle and pedestrian trails, to be used to match an estimated $137 million in federal and other funds.

MONTANA — I-181 authorizes the creation of state bond debts for $20 million per year for a period of 10 years. I-181 establishes the Montana Biomedical Research Authority to oversee and review grant applications for the purpose of promoting the development of therapies and cures for brain diseases and injuries and mental illnesses, including Alzheimer's, Parkinson's, brain cancer, dementia, traumatic brain injury and stroke. The grants, which are funded by state general obligation bonds, can be used to pay the costs of peer-reviewed biomedical research and therapy development, recruiting scientists and students and acquiring innovative technologies at Montana biomedical research organizations. I-181 provides specifics for the Montana Biomedical Research Authority's membership, powers, staffing, grant eligibility and evaluation requirements, and reporting requirements.

TAXES

There are 32 initiatives on ballots across the country dealing with various increases and decreases in taxes as well as changes to various deductions from state income. There are eight in Washington state alone. Four are in Missouri and three each are in Florida and California. Of interest are a Missouri initiative to ban the extension of sales tax to services, an end to the deduction for Federal taxes for state tax purposes in Louisiana, and a ban on increasing sales tax rates in Washington.

Here are proposed tobacco tax changes, keeping in mind the effects might have on the tobacco bond market:

COLORADO — State taxes would be increased by $315.7 million annually by an amendment to the Colorado constitution increasing tobacco taxes beginning January 1, 2017 by 8.75 cents per pack ($1.75 per pack of 20 cigarettes) and on other tobacco products by 22%?

MISSOURI — The current tax on a pack of 20 cigarettes is 17 cents. Proposition A is designed to increase this tax by 13 cents in January 2017 and by 5 cents in January of 2019 and, again, in January of 2021, when the total tax increase would reach 23 cents per pack. It would also tax non-cigarette tobacco products 5% of the manufacturer's invoice price, paid by the seller. Tax revenue would be used to fund transportation infrastructure projects.

Proposition A is competing against Amendment 3, which would increase the cigarette tax to 77 cents by 2020 in 15 cent increments each year until then. In addition to the cigarette tax, the measure would also impose a fee on wholesalers of 67 cents per pack on cigarettes produced by a "non-participating manufacturer," as defined by the state of Missouri. At least 75% of the revenue generated from these taxes would be devoted to increasing access to early childhood education programs. Around 10% of the funds would go toward grants for Missouri health care facilities, and about 5% would be devoted to smoking prevention programs.

In the event that both Proposition A and Amendment 3 pass, the measure with the most affirmative votes supersedes the other.

NORTH DAKOTA — Statutory Measure 4 is designed to increase the tax on cigarettes from 44 cents per pack to $2.20 per pack and to increase the tax price to 56 percent of the wholesale price. The definition of "tobacco products" would expand to include liquid nicotine and electronic inhalation devices. Measure 4 was designed to create a veterans' tobacco trust fund, which would be funded by half of the new revenues. The remaining revenues would be dedicated to a community health trust fund for a comprehensive behavioral health plan, county-level health services, and chronic illness prevention and control programs. No revenue from the increase would be allocated to tobacco prevention or cessation programs.

Tax questions dealing with other than tobacco taxes include:

HAWAII — Amendment 2 is a constitutional amendment to add alternatives for the disposition of excess general fund revenues. Allows the appropriation of general funds for the pre-payment of general obligation bond debt service or pension or other post-employment benefit liabilities.

ILLINOIS — House Joint Resolution 36 to amend the Revenue Article of the Illinois Constitution. Adds a new Section concerning highway funds. Provides that no moneys derived from taxes, fees, excises, or license taxes, relating to registration, titles, operation, or use of vehicles or public highways, roads, streets, bridges, mass transit, intercity passenger rail, ports, or airports, or motor fuels, including bond proceeds, shall be expended for other than costs of administering laws related to vehicles and transportation, costs for construction, reconstruction, maintenance, repair, and betterment of public highways, roads, streets, bridges, mass transit, intercity passenger rail, ports, airports, or other forms of transportation, and other statutory highway purposes, including the State or local share to match federal aid highway funds. Limits the costs of administering laws related to vehicles and transportation to direct program expenses of the Secretary of State, the State Police, and the Department of Transportation related to the enforcement of traffic laws and safety. Provides that the revenues described herein shall not be diverted to any other purpose. Provides that any additional modes of transportation proposed for State funding shall have dedicated sources of funding. Provides that federal funds may be spent for any purposes authorized by federal law.

NEW JERSEY — Public Question 2 provides that an additional three cents of the current motor fuels tax on diesel fuel, which is not dedicated for transportation purposes, be dedicated to the Transportation Trust Fund. In doing so, the entire State tax on diesel fuel would be used for transportation purposes. The entire State tax on gasoline is currently dedicated to the Transportation Trust Fund and used for transportation purposes. The amendment would also provide that all of the revenue from the current State tax on petroleum products gross receipts be dedicated to the Transportation Trust Fund. In doing so, the entire State tax on petroleum products gross receipts would be used for transportation purposes. This amendment does not change the current tax on motor fuels or petroleum products gross receipts.

OKLAHOMA — State Question 779 creates a limited purpose fund to improve public education. It levies a one cent sales and use tax to provide revenue for the fund. It allocates funds for specific institutions and purposes related to the improvement of public education, such as increasing teacher salaries, addressing teacher shortages, college and career readiness, and college affordability, improving higher education and career and technology education, and increasing access to voluntary early learning opportunities for low-income and at-risk children. It requires an annual audit of school districts' use of monies from the fund. It prohibits school districts' use of these funds for administrative salaries. It provides for an increase in teacher salaries. It requires that monies from the fund not supplant or replace other education funding.

OREGON — Measure 97 increases annual minimum tax on corporations with Oregon sales of more than $25 million; imposes minimum tax of $30,001 plus 2.5% of amount of sales above $25 million; eliminates tax cap; benefit companies (business entities that create public benefit) taxed under current law. Applies to tax years beginning on/after January 1, 2017. Revenue from tax increase goes to: public education (early childhood through grade 12); healthcare; services for senior citizens.

This list is by no means exhaustive but represents summaries of proposed changes which would represent significant policy changes or offer clear benefits to debt holders.