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## **New York's Cuomo Proposes Doubling Bond Sales in Borrowing Blitz.**

- Governor proposes \$153 billion budget for 2018 fiscal year
- Budget calls for \$7.1 billion of bond sales, jump of 131%

New York Governor Andrew Cuomo proposed selling \$7.1 billion of bonds in the fiscal year beginning April 1, more than twice as much as the current fiscal year, as the Democrat boosts spending on infrastructure.

The \$153 billion budget includes \$14.5 billion in capital spending for projects including the transformation of a landmark Manhattan post office into a railway station, improvements to highways to John F. Kennedy International Airport and grants to facilitate hospital mergers.

The New York governor is joining other state and local governments that have been issuing debt at a record pace while interest rates in the municipal market remain not far from the record lows hit last year.

Cuomo has jump-started projects, including a new \$4 billion span to replace the Tappan Zee bridge, and provided record funding for roads, bridges and the New York City region's Metropolitan Transportation Authority. His job has been made easier because of \$9.4 billion in monetary settlements from banks and insurance companies for offenses including executing transactions on behalf of countries like Iran and Sudan that are subject to U.S. sanctions.

Despite the increase in next year's budget, capital spending is projected to decline to \$11.4 billion in fiscal 2022, according to the state's capital program and financing plan, while state-related debt outstanding is projected to rise to \$61.8 billion in fiscal 2022.

State debt had been on the decline, falling from \$56.4 billion in fiscal 2012 to \$50.8 billion in the current year.

New York's outstanding debt at the end of the current year is on track to be lower than when the governor took office in 2011, marking the first time in "modern history" that it has declined for five consecutive years, said Morris Peters, a spokesman for the state Division of Budget.

State debt measured as a percent of personal income has decreased from 5.9 percent in fiscal 2011 to 4.2 percent in 2017. That's "the most favorable debt to income ratio since the 1960s and is expected to remain relatively constant over the plan period, even as the state makes targeted capital investments for housing, health care, transportation, and economic development," Peters said.

Cuomo's budget proposes extending the 8.82 percent personal income-tax bracket for three years. The bracket is scheduled to sunset on Dec. 31, 2017, reducing the top rate to 6.85 percent.

The budget estimates total tax revenue will grow 5.6 percent to \$79.5 billion.

**Bloomberg Markets**

by Martin Z Braun

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