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New California Governor's First Priority Is Good News for Investors.

California Governor-elect Gavin Newsom's top item on his agenda after winning the race to succeed Jerry Brown Tuesday is one important to municipal investors: the state budget.

"The number one priority right now is the budget," the Democrat told reporters in San Francisco Thursday at his first news conference after the election. "I know everyone says that and they all say it. They should."

He said the fiscal blueprint is "being put together as we speak" and that it should be "fully baked" around December 15. The state's constitution requires that the governor submit a balanced budget to the legislature by Jan. 10.

Municipal investors are looking to the budget for signs that Newsom would continue the fiscal discipline Brown was credited for. Newsom on the stump has pledged to work for ambitious goals, from single-payer health care to universal pre-school, and bond buyers want to see how he would balance them against the threat of billion-dollar deficits during a recession.

Brown, a term-limited Democrat, has warned of the risk of new spending commitments when a recession occurs, which some economists see as soon as next year. California's finances are particularly vulnerable in a downturn because of its reliance on wealthy residents for income-tax collections.

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