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Taxable Muni-Bond Sales Surge as Window Opens for Refinancings.

- **Muni issuers sold $11 billion of refunding bonds in September**
- **'The numbers just work right now' to sell taxable muni bonds**

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State and local governments issued $11 billion of refunding bonds in September, nearly matching the $12.9 billion sold in August when rates fell to record lows. More than a third of the sales during the past two months were taxable debt, showing that rates have fallen so much that states and cities can still capture lower borrowing costs even though President Donald Trump's tax cut law bars sales of tax-exempt debt for a key type of refinancing.

It's unusual for state and local governments to issue taxable bonds to replace tax-exempt debt, which cost them less, but "the numbers just work right now," said Ben Barber, head of municipals at Goldman Sachs Asset Management. "What's happened is that the rates have come down so much, that issuers are able to sell taxable munis at much lower rates than they were a year ago," he said.

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By Danielle Moran
October 1, 2019, 10:23 AM PDT
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Bloomberg Markets

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