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California Lawmakers Pitch Early Debt Payment, a First For State.

California lawmakers are proposing paying \$1 billion of debt service for general-obligation bonds early in what would be a first for the nation's largest municipal-debt issuer.

The plan is included in the agreement announced Tuesday between the Senate and Assembly for next year's budget. Paying a portion of the debt service that's due in fiscal 2023 will save money in future years, according to legislative documents.

In a news conference, Assembly budget chair Phil Ting and his Senate counterpart, Nancy Skinner, said the proposal shows the fiscally prudent approach of the Democratic-controlled legislature.

"Responsible budgeting was one of our top priorities," Skinner said. "Your cost pressures are reduced if you pay down debt."

California has never before paid down debt early, according to legislative budget staff. Details are still being worked out. The state has about \$71 billion of general-obligation bonds outstanding, according to its latest report.

Spokespeople for the finance department and treasurer's office didn't have immediate comments. Governor Gavin Newsom, a Democrat, must approve the budget by June 30.

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By Romy Varghese

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