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California Eyes Overseas Buyers for $2 Billion Taxable Bonds.

April 13 (Reuters) – California will sell $2.147 billion of bonds in the U.S. municipal market's biggest offering next week, with the state looking to place some of the debt with overseas buyers.

The preliminary official statement for the taxable general obligation bonds includes advisories for countries in Europe and Asia.

"The state has included language in the POS to allow for international investor participation," Marc Lifsher, spokesman for California State Treasurer John Chiang, said on Friday.

Taxable munis have been bought by foreign investors who cannot take advantage of a U.S. tax break given to buyers of tax-exempt munis.

The California deal's $947 million of new bonds carry maturities in 2020, 2021, 2025 and 2028, according to the POS. Another $1.2 billion of refunding bonds have term maturities in 2033 and 2038.

Part of the proceeds will advance refund some of the state's outstanding tax-exempt GO bonds. Federal tax legislation signed into law in December by President Donald Trump ended the ability of muni issuers to refund outstanding bonds beyond 90 days of their call date on a tax-exempt basis.

The bonds, which are rated AA-minus by S&P Global Ratings and Fitch Ratings and Aa3 by Moody's Investors Service, are scheduled to be priced through J.P. Morgan Securities on Tuesday.

Overall, $7.66 billion of bonds and notes are expected to hit the muni market next week, according to Thomson Reuters estimates.

California's Sacramento County will sell $588 million of airport system senior revenue refunding bonds through Morgan Stanley on Thursday. The deal includes about $277 million of bonds subject to the alternative minimum tax.

Topping the week's competitive calendar is a nearly $315 million Memphis, Tennessee, general improvement bond sale on Tuesday. The bonds carry serial maturities in 2019 through 2048, according to the POS.

The state of Tennessee is selling a two-part $191 million GO bond issue on Wednesday.

Flows into municipal bond funds were negative for a second-straight week, according to Lipper. Funds reported $244.7 million in net outflows for the week ended April 11, slightly lower than the $247.1 million in outflows during the previous week.

April outflows are typically attributed to investors cashing in muni investments to pay their taxes.

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