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Murphy Says He Wants to Borrow Up to \$9 Billion From Fed.

- **'I don't see any other way around it,' N.J. governor says**
- **Other states skipping U.S. route to get private money sooner**

New Jersey Governor Phil Murphy wants to borrow as much as \$9 billion from the U.S. Federal Reserve's first-ever move into the municipal-bond market, with its \$500 billion promise for states and cities.

"I don't see any other way around it," Murphy, 62, a retired Goldman Sachs Group Inc. senior director, said at a Trenton news conference. He called it a necessary "tool in our tool kit" as the coronavirus pandemic has shut down large swaths of the nation's economy, decimating state and local revenue.

Details of his borrowing plan were contained in draft legislation seen by Bloomberg on April 15. His administration would borrow for this fiscal year and next, relying on future revenue to repay. Should income not hit marks, he would raise property and sales taxes. The draft leaves blank the dollar amount sought.

Murphy today said the Federal Reserve would limit New Jersey to \$9 billion in borrowing based on revenue-related caps, though he said he wasn't sure whether the state would seek that much.

Murphy said he discussed the plan Thursday with legislative leaders and called it "a good discussion." On April 15, Senate President Steve Sweeney, a fellow Democrat and New Jersey's highest-ranking lawmaker, said he had many questions about the plan, including how much the state would seek and whether it could repay borrowing without raising taxes. The state also has a constitutional ban on general-obligation borrowing without voters' consent, but Murphy may have a workaround under emergency or act of God provisions.

The Fed last week said it would extend as much as \$500 billion of loans to states, Washington, D.C., and some of the most-populous cities and counties. The central bank hasn't released program details, including how much it will charge for the loans. Citigroup Inc. has estimated it could take weeks for the program to start dispensing funds.

At least three states — Hawaii, Massachusetts and Rhode Island — aren't waiting for the Federal Reserve opportunity. They have taken steps to borrow from Bank of America Corp. to cover temporary cash shortfalls as the wide economic shutdown crimps their tax revenues.

Bloomberg Markets

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April 16, 2020, 11:34 AM PDT Updated on April 16, 2020, 12:25 PM PDT

— *With assistance by Amanda Albright, and Danielle Moran*

