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Record Refinancing Buys Nassau County Reprieve From Tax Hit.

- **County selling \$1.1 billion of bonds backed by sales taxes**
- **Joins wave of governments refinancing as yields hold near lows**

Residents of New York's Nassau County, the stretch of Long Island where property taxes are among the highest in the nation, are getting a reprieve, thanks to a rally in the municipal-bond market.

Seizing on interest rates that are holding near the lowest in more than six decades, the county sold \$1.1 billion of bonds Thursday, the largest refinancing in the county's history. The step will pay off previously issued securities, push out looming debt payments, and provide cash to cover budget shortfalls left by the pandemic.

The bond sale will allow the county to "avoid what otherwise would have been a significant tax increase and/or cut to mission critical services," said Adam Barsky, the chairman of the Nassau Interim Finance Authority, the control board that oversees the county budget.

The county of some 1.4 million people is joining a rash of governments that have been refinancing debt to push out or cut their bills after shutdowns drove the economy into the steepest contraction since World War II. In Nassau County, business closures cut sales-tax collections by 4% last year, according to the New York State Comptroller's office.

The drop, while smaller than initially expected, put pressure on the county's budget nonetheless. "It's still a significant drop — and that's where the relief is really going to be applied, to backfill the loss of sales tax," said Barsky, who projected the bond deal will save the county \$285 million this year and \$150 million in 2022.

The bonds are rated AAA from S&P Global Ratings because they are backed by sales-tax receipts that are sent by the state directly to the trustee for bondholders. They sold for yields ranging from 0.26% on debt due in 2023 to 1.64% for some low coupon bonds that mature in 2030, according to data compiled by Bloomberg.

Craig Brandon, co-director of municipal investments at Eaton Vance Management, said that provides a safeguard for investors.

"Investors would be very comfortable investing in this because you're fairly comfortable that you're going to be repaid," he said.

"You've already probably seen the worst case scenario in sales-tax revenues for Nassau County," he said. "I think the coverage only gets stronger in the future as sales taxes go back to their normal level."

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By Anastasia Bergeron

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