

# Bond Case Briefs

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## Flush California Can Forgo Wall Street and Tap Cash for Projects.

California, girded with billions of dollars in surplus, can afford to pay for construction costs without asking for help from bond investors.

Governor Gavin Newsom's budget for the next fiscal year calls for paying \$500 million to complete four capital projects, instead of selling taxable municipal bonds, according to the state's finance department. That would save the state \$350 million in financing costs.

"We're swapping lease revenue bonds for cash," Newsom told reporters in a Sacramento briefing on the budget Monday. "It's an example of some of the work we're doing to yes, make government more efficient."

Of the projects, which are nearing completion, three are in state corrections facilities and the other is the headquarters of the military department, according to the finance department. Because of construction delays, the ventures don't qualify for tax-exempt financing under federal rules. The state is awash with a \$45.7 billion surplus, including \$21 billion of funds that lawmakers can tap for any use.

Legislators must approve Newsom's budget, which will be updated in May.

### **Bloomberg Politics**

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