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California to Sell \$2.6 Billion of Bonds to Buyers Seeking Shelter.

- **Home to billionaires levies tax rate of more than 13%**
- **Recent California muni deals had yields below market benchmark**

California next week plans to sell \$2.6 billion of bonds, the municipal market's second-largest offering this year, and high demand from eager investors is likely despite the state's ballooning budget deficit.

New sales of tax-exempt bonds in California have been gobbled up by buyers looking to shield income from the state's high taxes and to lock in yields before anticipated rate cuts by the Federal Reserve later this year. California, home to more billionaires than any other state and hundreds of thousands of millionaires, levies a rate of at least 13.3% on its highest earners.

The desire for tax-advantaged investments means California bond deals can sell at yields lower than AAA-rated benchmark muni securities. The Los Angeles County Metropolitan Transportation Authority sold \$114 million of bonds this week with yields as much as 30 basis points below that benchmark, according to data compiled by Bloomberg.

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