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Illinois Debt Penalty Shrinks as ‘Unexciting’ Budget Passes.

- **Fiscal 2025 budget heads to Governor Pritzker for signature**
- **State has ‘come a long way’ narrowing gap with peers: Schoback**

Illinois is closing the gap with its peers in the municipal-bond market as investors herald the passing of an on-time budget and a broad improvement in the state’s fiscal standing.

The extra yield that investors demand on Illinois debt shrank on Wednesday toward the lowest levels of 2024 as lawmakers approved a $53 billion budget for the year starting July 1, a sign pressure is easing on the US state with the weakest credit rating.

The budget was the tightest in several years and led to back and forth in the two Democrat-controlled chambers about how to balance revenue with rising costs. But there were none of the kind of fireworks Illinois has exhibited in past years, such as in the budget impasses seen from 2015 to 2017, said Ty Schoback, a senior municipal research analyst for Columbia Threadneedle Investments.

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By Shruti Singh

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