



## Budget Season Starts

- With the tax season concluded and most states' June 30 fiscal year-end in sight, we are starting to get better color on how some states are performing. State revenue performance in many income-tax-dependent states is coming in quite strong. California is now forecasting \$14.2 billion in income taxes versus \$13.5 billion forecasted just a few months ago. Connecticut is expected to bring in \$1.3 billion more than expected. Some of this positive variance is due to a shift in timing as many taxpayers opted to pay their 2018 income taxes in 2017 under the old tax regime.
- Connecticut surprised everyone by passing a biennial budget adjustment for FY19 by Wednesday's deadline. Given the state is awash in revenue, at least for the moment, budget negotiations were more constructive this year compared to last year when a budget was not adopted until October (over three months late).
- Last year's rising equity markets showed a positive lift in FY17 state pension funding ratios according to Wilshire Associates. Aggregate state pension funded ratios stood at 70.2% as of last year, up from 67.4% in FY16. New Jersey, the state with the lowest funded pensions, saw its funding level rise to 35.8% from 30.9% year-over-year.

## Municipal 30 Day Visible Supply



Source: Bloomberg

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