



NJ Lawmakers Reach Compromise to Pass 2019 Budget

- New Jersey averted a government shutdown Sunday by enacting a \$37.4 billion spending plan for FY19. The compromise budget failed to bring the state sales tax back to 7% and did not include a millionaire's tax, two objectives Governor Murphy sought.
- The top income tax bracket in NJ will rise to 10.75% from 8.97% for individuals earning \$5 million annually. The state will make a \$3.2 billion pension plan contribution, approximately 60% of its actuarial required contribution which is up 50% from last year's budget. Although passing a budget is credit-positive, it contains a number of one-shot non-recurring revenues.
- Massachusetts became the only state of the 46 with 6/30 fiscal year ends to start FY19 without a state budget. Governor Charlie Baker signed a \$5 billion one-month budget to keep the state government open through July.

NJ 10-Year Yield



Source: Bloomberg

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