



Benign Environment for Budget Negotiations

- With flush state coffers, governors across the U.S. signed budgets into law over the weekend for fiscal year 2020. Forty-six of the fifty states started a new year on July 1. Like last year, the excess revenue receipts has led to fairly tranquil budget negotiations overall.
- Florida and Arizona, as examples, will enact record budgets this weekend of \$90.1 billion and \$11.8 billion, respectively. Governor Murphy of New Jersey stated last week that he will abandon his push to enact a millionaire’s tax for this coming fiscal year and was expected to sign off on the main points of a budget the legislature passed in the previous week.
- In place of the millionaire’s tax, the budget will dip into New Jersey’s reserve fund to cover an expected deficit in FY20. The state will draw on its reserve fund to cover this deficit only two months after making its first deposit in over a decade.

10-Year AAA Municipal Yield



Source: Bloomberg

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