



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS RELEASE

FOR IMMEDIATE RELEASE

PR 18:62
October 2, 2018

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Lower Interest Rates on CA's Bonds Benefitted Taxpayers in 2017-18

*California Enjoys High-Grade Ratings from
All Three Major Credit-Rating Agencies*

SACRAMENTO – California State Treasurer John Chiang has issued the annual Debt Affordability Report (DAR), in which he laid out how the continued strength of the state's credit profile, coupled with the impact of changing tax policies on the supply and demand for tax-exempt bonds, contributed to interest rates on California's bonds outperforming those of other municipal issuers in 2017-18.

Since the last Debt Affordability Report, California has sold \$6.8 billion in general obligation bonds, in four offerings. The DAR also highlights the state's high-grade ratings from all three of the major credit-rating agencies: Aa3 from Moody's, AA- from Fitch, and AA- from S&P.

"The Golden State's high ratings give us the confidence to explore and tap into the potential of green bonds for financing the fight to counter global warming," said Treasurer Chiang. "Additionally, we are moving forward on the creation of a dynamic, practical, and profitable market for green bonds, to pay for billions of dollars of climate-friendly infrastructure. We already know the future is green, but the essential question of how we finance the conversion from a fossil fuel-based economy and infrastructure to cleaner, greener, and more sustainable alternatives remains."

In late August, Treasurer Chiang signed the Green Bond Pledge on behalf of California, making the state the first in the nation to pledge to use green financing to combat climate change. This pledge commits the world's fifth largest economy to using green bonds to efficiently raise billions of dollars in new and affordable capital to build climate-friendly infrastructure.

As noted in the report, at the end of the current fiscal year, California will have accumulated nearly \$14 billion in rainy day reserves — a distinctly different picture from the one following the financial crisis and the subsequent Great Recession. The Legislature has passed eight on-time budgets in a row. And the state's long-term liabilities — post-employment benefits and pension obligations being the most crucial — are in a much stronger position today to weather

an economic downturn. As a result of all these efforts, investors have responded affirmatively and offered the state more favorable rates than have been seen in the last 10 years.

Read the full 2018 Debt Affordability Report [here](#).

Read a guide to the state's general obligation borrowing: ["California Bonds 101: A Citizen's Guide to General Obligation Bonds" booklet](#).

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