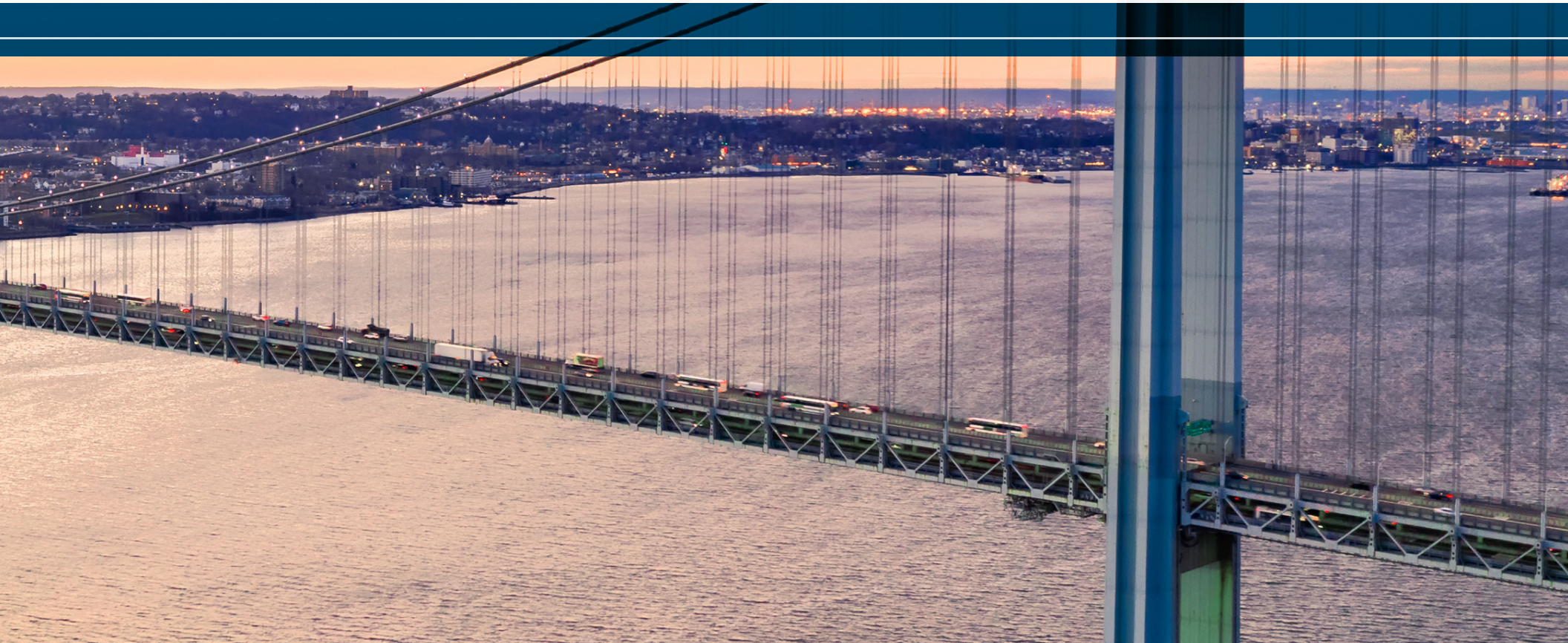


# Muni 360

The comprehensive view of the municipal bond market.

MacKay Municipal Managers.™ The minds behind **munis**.



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INVESTMENTS





# Top 5 Municipal Market Insights for 2024

From **MacKay Municipal Managers™** The Minds Behind Munis

## 2024: The year of FUNDamental municipal investing

After two tumultuous years, we expect a municipal market recovery in 2024 and we believe municipal bond mutual funds will outperform other investment vehicles. While there are many ways to invest in municipal bonds, successful investment principles are relatively few: be highly diversified, maintain liquidity, employ strong fundamental credit analysis offensively, identify relative value opportunities, be active, build in an attractive income stream, manage tax liabilities and be flexible. A prudently, actively managed mutual fund incorporates all of these principles. In our opinion, other methods of accessing municipal investments necessitate concessions that violate the core principles of prudent investing in the municipal bond market: concentrated holdings, limited liquidity, minimal activity, rigidity and limited, defensively oriented credit research.

Markets can move quickly, so being early is often preferable to waiting and missing the opportunity. In our opinion, the opportunity includes capitalizing on attractive municipal yields and being well positioned to realize total returns. In 2024, we believe successful municipal bond managers will prioritize the fundamental facts over the headlines, recognize the strength of municipal credit and look to capture the opportunities in the high yield municipal market. We also hold the view that by diversifying their retirement portfolios to include taxable municipal bonds, investors may stand to benefit.

## Top 5 Municipal Market Insights for 2024

1

### Investing through a mutual fund captures the municipal market opportunity

Since the end of 2021, prudent fund managers have increased dividend rates, restructured portfolios and harvested losses to manage future capital gains distributions. Simultaneously, many investors shed duration by retreating to exceptionally attractive yields on money market instruments. In response to a probable pivot by the Federal Reserve in 2024, we anticipate short term rates will decline while longer-term bonds outperform. Therefore, investors may consider securing longer duration and income durability in the near term. However, higher yields only matter if they are in your portfolio. We believe investors have the opportunity to acquire high accrual rates, active portfolio positioning, and the flexibility essential to capture the market's recovery through mutual funds. Other professionally managed solutions are available, such as passive, index bound ETFs or buy-and-hold, laddered separately managed accounts. However, in our opinion, the rigidity of their constrained investing approaches limits their efficacy. In 2024, we believe municipal market prices will rise and mutual funds will provide a compelling vehicle to capture that performance potential.

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2

### **The specter of rising taxes increases the value of tax exemption**

We believe anticipation of rising taxes will increase the value of tax exemption. In 2024, we expect Federal taxes due on elevated taxable money market earnings will renew investors' tax awareness. Investors should recall that the Tax Cuts and Jobs Act of 2017 income tax provisions expire at the end of 2025.<sup>1</sup> In addition, the Federal government will likely need other incremental revenues to finance its \$33 trillion of debt.<sup>2</sup> The bite of impending, higher Federal taxes may also be accompanied by state tax increases. For example, some states may face budget pressures as State and Local Fiscal Recovery Funds (SLFRF) grants are exhausted.<sup>3</sup> We believe anticipation of higher taxes motivates investors to seek the attractive, legacy income streams of well managed mutual funds. While focusing on tax strategy now may seem early, we maintain it would be advantageous for investors to get ahead of potential tax increases.

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3

### **Deep analysis is necessary to find credits that will outlast headline risk**

We continue to have confidence in the general condition of municipal credit despite some rising concerns to the contrary. The strength of municipal credit has become the subject of casual observers opining on the impact of a potentially slowing economic cycle. Despite the dire warnings, we believe that many municipal issuers have ample financial flexibility to weather this environment. For example, focus has been placed on the slowing growth of state and local tax bases due to stagnating personal incomes and wavering office property values. However, a deeper analysis reveals that revenue streams remain diverse and that last year's collections reached all-time highs while budgetary reserves are nearly double that of pre-pandemic levels.<sup>4</sup> In addition, municipal issuers have the capacity to raise revenues and cut expenses when needed to stabilize credit strength. Based on historical patterns, we expect municipal default rates should remain significantly more stable than corporate bonds even if the economy weakens more than expected.

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4

### Capitalize on high yield market participants' overcorrections

In our opinion, there has been an historical pattern in the high yield municipal market where certain investors have used a selection process based on chasing yield somewhat indiscriminately. This can lead to overweight positions in weaker, less liquid and typically non-rated credits. The somewhat anomalous combination of rising bond yields and, for some issuers, improving credit conditions over the past two years has brought focus on the shortfalls of chasing yield. It has also confirmed the efficacy of using a risk-managed, relative value approach to investing in high yield municipal bonds. In our opinion, those yieldchasing investors will over compensate for historically chasing yield by indiscriminately selling and/or avoiding credits. Consequently, we believe more disciplined managers will be presented with opportunities to acquire better quality high yield municipal bonds at attractive levels. We expect discerning high yield municipal investors employing a credit research-driven, relative value approach to security selection will be rewarded in 2024.

5

### Individual investors embrace taxable municipal bonds in retirement plans

We expect U.S. based individual investor demand for taxable municipals will continue to increase. In our opinion, individuals will view taxable municipal bonds as an attractive complement to their investment grade corporate bond exposure in their qualified accounts. Taxable municipal bonds can offer attractive absolute yields, credit spreads and additional return potential with the same strong fundamentals as traditional tax-exempt financings. Additionally, in our view, demand from both domestic and overseas institutional investors should be robust in 2024 as credit spreads remain attractive and hedging costs will most likely recede with the normalization of yield curves around the world. This one-two punch should increase demand and help propel returns in this often overlooked segment of the municipal marketplace in 2024.

1. <https://www.taxpolicycenter.org/briefing-book/how-did-tax-cuts-and-jobs-act-change-personal-taxes>

2. <https://fiscaldata.treasury.gov/datasets/historical-debt-outstanding/historical-debt-outstanding>

3. <https://www.nlc.org/covid-19-pandemic-response/american-rescue-plan-act/arpa-local-relief-frequently-asked-questions/>

4. <https://www.pewtrusts.org/en/research-and-analysis/articles/2023/09/27/state-tax-revenue-declines-from-record-highs> and [https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Fiscal%20Survey/NASBO\\_Fall\\_2023\\_Fiscal\\_Survey\\_of\\_States\\_S.pdf](https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Fiscal%20Survey/NASBO_Fall_2023_Fiscal_Survey_of_States_S.pdf)

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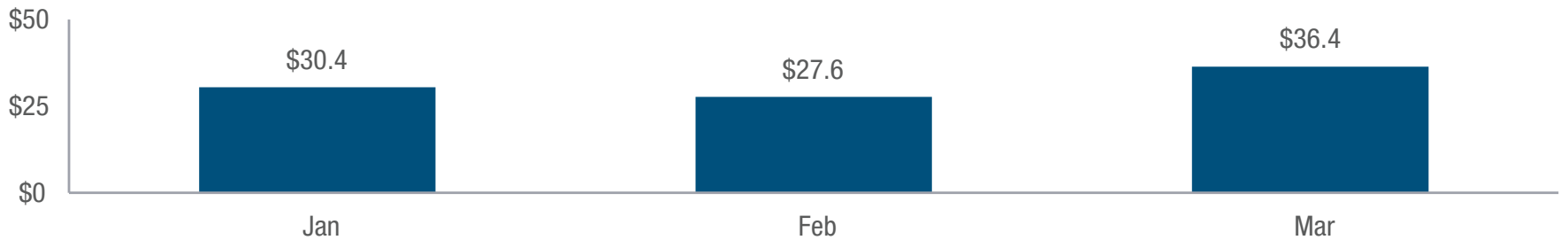
# Municipal Market Monthly Update

## TECHNICAL BACKDROP

### SUPPLY:

- ▶ Muni issuance in March totaled \$36 billion, up 32% month-over-month and up 7% year-over-year, with net issuance at \$15 billion.
- ▶ Year-to-Date gross and net issuance through month-end was +\$94.4 billion and +\$24 billion, respectively.

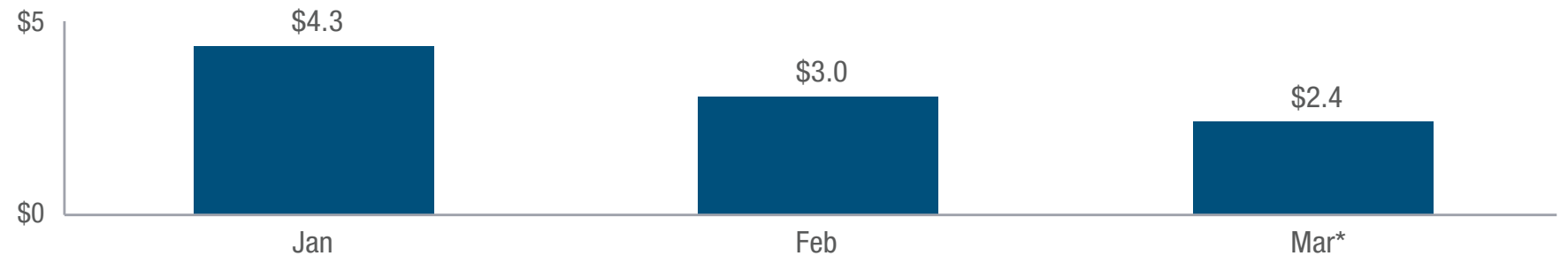
### 2024 Monthly Gross Issuance (\$B)



### DEMAND:

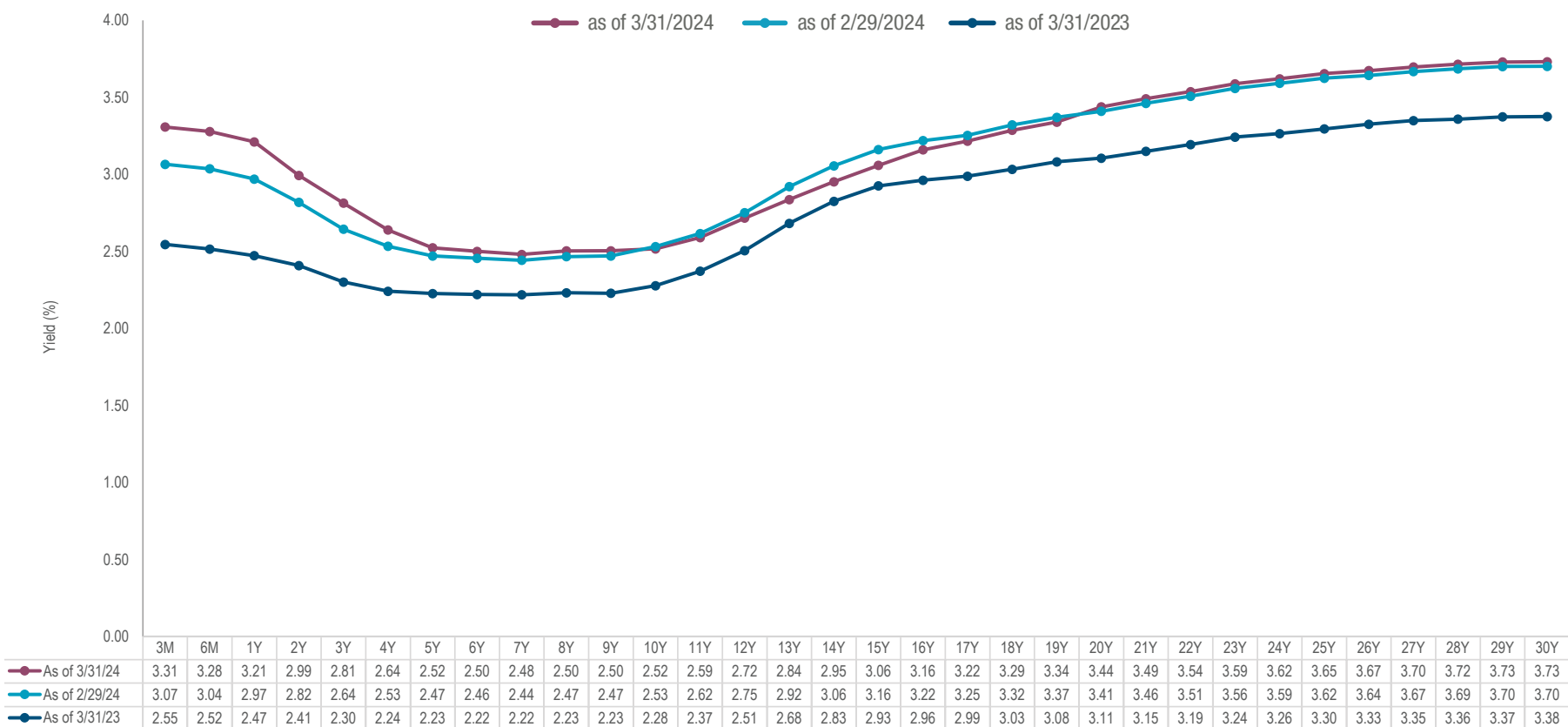
- ▶ Muni flows were positive in March, with inflows averaging about \$0.6 billion per week.\*

### 2024 Monthly Municipal Fund Flows (\$B)\*



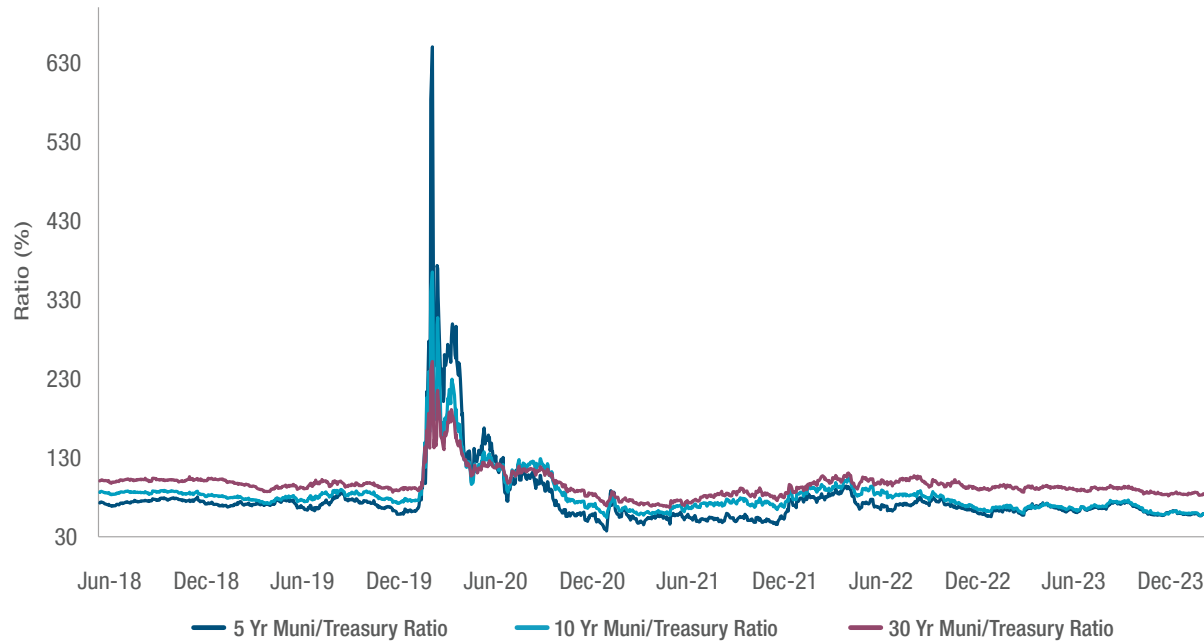
Source: Barclays Research and ICE, as of 03/31/24. \* As of 03/27/24.

# AAA-Rated Municipal Yield Curve (%)



Source: Bloomberg, as of 03/31/24. The Municipal/Treasury Ratio, M/T ratio or muni-Treasury ratio, as it is more commonly known, is a comparison of the current yield of municipal bonds to U.S. Treasuries. Representative indices: Bloomberg U.S. Treasury Index and Bloomberg U.S. Municipal Index. Treasury Securities are backed by the full faith and credit of the United States government as to payment of principal and interest if held to maturity. Interest income on these securities is exempt from state and local taxes. Past performance is not indicative of future results. An investment cannot be made in an index.

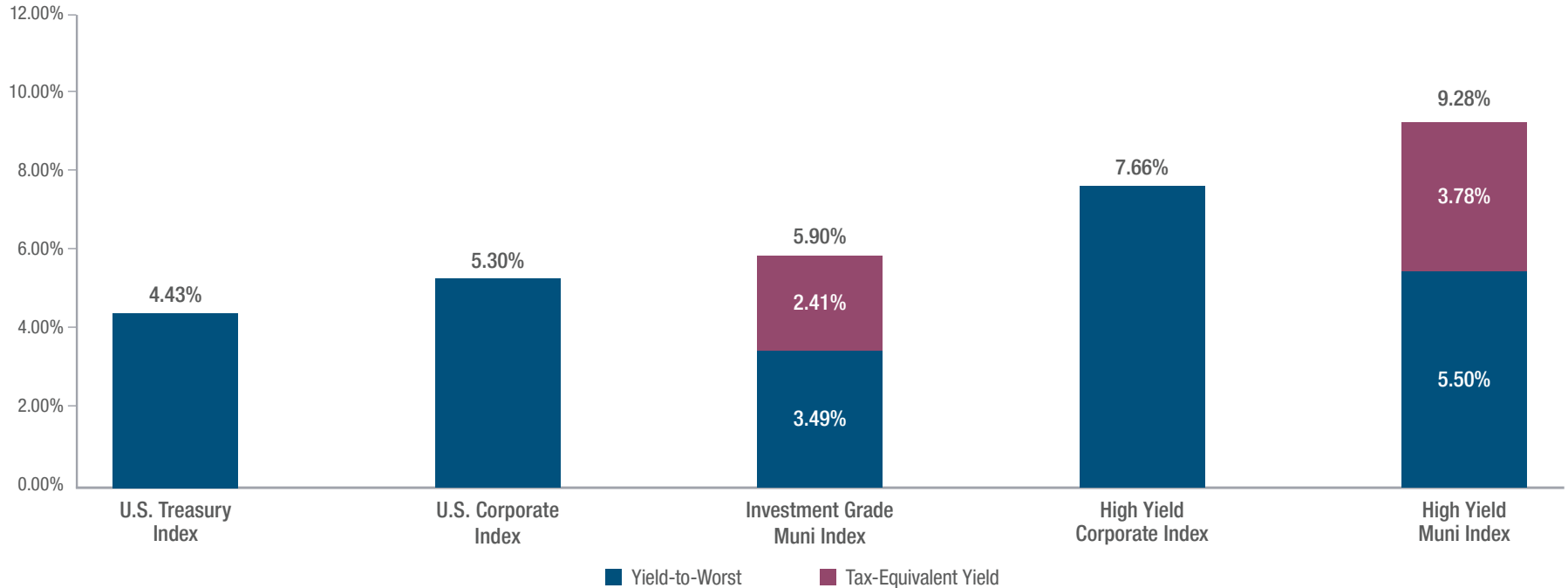
## AAA-Rated Municipal/Treasury Yield Ratio (%)



Tenor	Muni/Treasury Ratio	Trailing 5-Yr Median
5 Yr	60%	68%
10 Yr	60%	76%
30 Yr	86%	92%

Source: Bloomberg, as of 03/31/24. The Municipal/Treasury Ratio, M/T ratio or muni-Treasury ratio, as it is more commonly known, is a comparison of the current yield of municipal bonds to U.S. Treasuries. Representative indices: Bloomberg U.S. Treasury Index and Bloomberg U.S. Municipal Index. Treasury Securities are backed by the full faith and credit of the United States government as to payment of principal and interest if held to maturity. Interest income on these securities is exempt from state and local taxes. Past performance is not indicative of future results. An investment cannot be made in an index.

## March 2024 Tax-Equivalent Yields

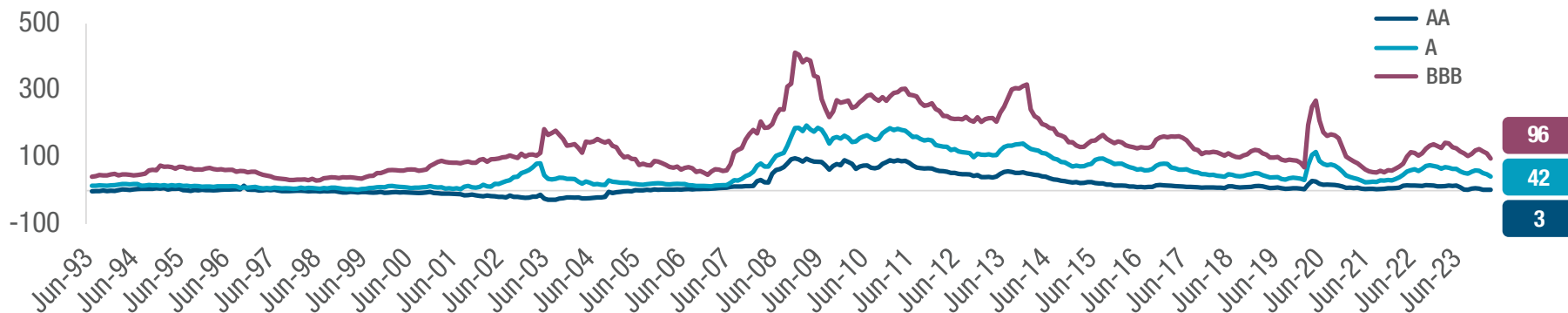


Source: Bloomberg, as of 03/31/24. Representative indices: Bloomberg U.S. Treasury Index, Bloomberg U.S. Corporate Bond Index, Bloomberg U.S. Municipal Index, Bloomberg U.S. High Yield Corporate Index, and Bloomberg High Yield Municipal Index. Assumes 37% federal tax rate and 3.8% net investment income tax. Yield to worst is computed by using the lower of either the yield to maturity or the yield to call on every possible call date. Past performance is not indicative of future results. An investment cannot be made in an index. Figures may not sum up due to rounding.



# Investment Grade Municipal Market Spreads & Performance

AA-, A-, and BBB-Rated Municipal Index Yield Spreads Over AAA-Rated Municipal Index Yield



Source: Bloomberg as of 03/31/24. Monthly data. Representative indices: Bloomberg Municipal AAA Index, Bloomberg Municipal AA Index, Bloomberg Municipal A Index, and Bloomberg Municipal BBB Index. Past performance is not indicative of future results. An investment cannot be made in an index.

## Returns (%), as of March 31, 2024

	Number Issues	Price Return	Coupon Return	MTD Total Return	Past 3m	Past 6m	Year-to-Date	Past 12m
<b>Municipal Bond Index</b>	57,555	-0.36	0.36	0.00	-0.39	7.48	-0.39	3.13
<b>1 Year (1-2)</b>	3,658	-0.37	0.37	-0.01	0.11	2.44	0.11	2.42
<b>3 Year (2-4)</b>	6,568	-0.53	0.36	-0.17	-0.28	3.32	-0.28	1.80
<b>5 Year (4-6)</b>	6,120	-0.48	0.36	-0.12	-0.37	4.82	-0.37	1.95
<b>7 Year (6-8)</b>	5,959	-0.47	0.36	-0.11	-0.48	5.96	-0.48	2.14
<b>10 Year (8-12)</b>	11,445	-0.44	0.34	-0.09	-0.54	6.89	-0.54	2.39
<b>15 Year (12-17)</b>	11,238	-0.02	0.34	0.32	-0.05	9.34	-0.05	4.05
<b>20 Year (17-22)</b>	6,392	-0.35	0.36	0.01	-0.31	9.79	-0.31	4.09
<b>Long Bond (22+)</b>	6,175	-0.38	0.37	-0.01	-0.75	10.78	-0.75	4.09

MTD: Month to Date, Source: Bloomberg, as of 03/31/24. Representative indices: Bloomberg Municipal Index, Bloomberg Municipal 1 Yr 1-2, Bloomberg Municipal 3 Yr 2-4, Bloomberg Municipal 5 Yr 4-6, Bloomberg Municipal 10 Yr 8-12, Bloomberg Municipal 20 Yr 17-22, and Bloomberg Municipal Long 22+ Yr. Past performance is not indicative of future results. An investment cannot be made in an index.

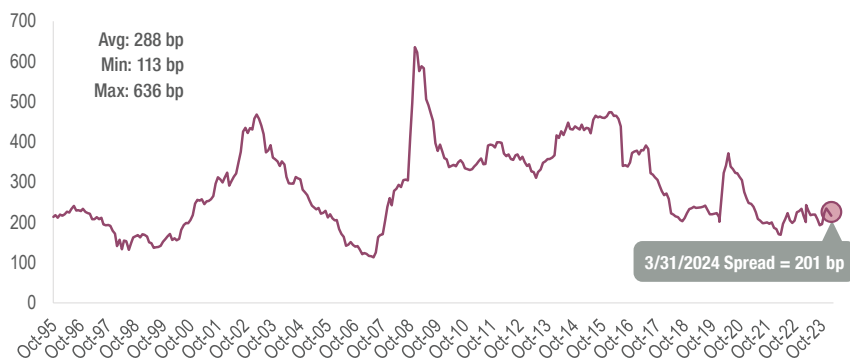
## High Grade Municipals, Returns by Sector

March 2024 (%)	Year-to-Date 2024 (%)
Tobacco 0.49	IDR/PCR 0.72
IDR/PCR 0.48	Tobacco 0.53
Hospital 0.26	Hospital 0.06
Housing 0.16	Transportation -0.04
Leasing 0.11	Electric -0.34
Transportation 0.10	Leasing -0.42
Education -0.06	Water & Sewer -0.52
Electric -0.07	Housing -0.59
Water & Sewer -0.08	Education -0.59
Special Tax -0.18	Special Tax -0.80
Resource Recovery -0.80	Resource Recovery -0.82

Source: Bloomberg, as of 03/31/24. Representative indices: Bloomberg Municipal AAA Index and Bloomberg High Yield Municipal Index. Past performance is not indicative of future results. An investment cannot be made in an index.

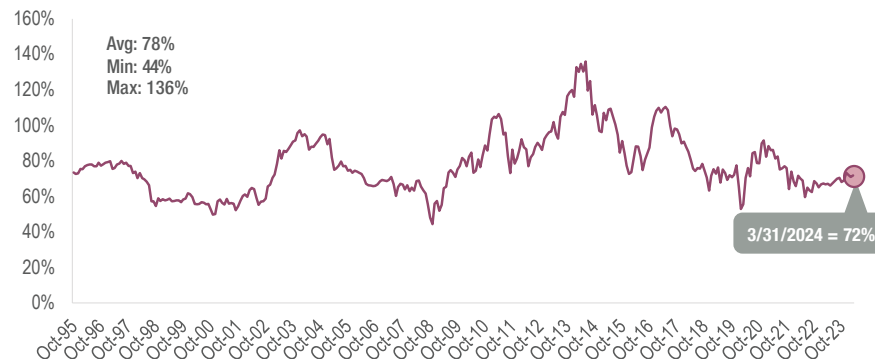
# High Yield Municipal Market Spreads & Performance

## High Yield Municipal Index Yields Minus Investment Grade Municipal Index Yields



Source: Bloomberg, as of 03/31/24. Representative indices: High Yield Municipal Index: Bloomberg High Yield Municipal Index; Investment Grade Municipal Index: Bloomberg Municipal Index. Past performance is not indicative of future results. An investment cannot be made in an index.

## Ratio of High Yield Municipal Index to Corporate High Yield Index Yield-to-Worst



Source: Bloomberg, as of 03/31/24. Representative indices: Municipal High Yield Index: Bloomberg High Yield Municipal Index; Corporate High Yield Index: Bloomberg U.S. Corporate High Yield Index. Past performance is not indicative of future results. An investment cannot be made in an index.

## Returns (%), as of March 31, 2024

	Number Issues	Price Return	Coupon Return	MTD Total Return	Past 3m	Past 6m	Year-to-Date	Past 12m
High Yield Muni	5,265	0.78	0.41	1.19	1.51	10.86	1.51	7.91
High Yield Muni Ex-Puerto Rico	5,171	0.88	0.43	1.32	1.38	10.26	1.38	6.76
High Yield Muni Puerto Rico	72	0.24	0.30	0.54	2.17	13.95	2.17	13.73

MTD: Month to Date, Source: Bloomberg, as of 03/31/24. Representative indices: Bloomberg High Yield Municipal Index, Bloomberg High Yield Municipal Ex-Puerto Rico Index, and Bloomberg High Yield Municipal Puerto Rico Index. Past performance is not indicative of future results. An investment cannot be made in an index.

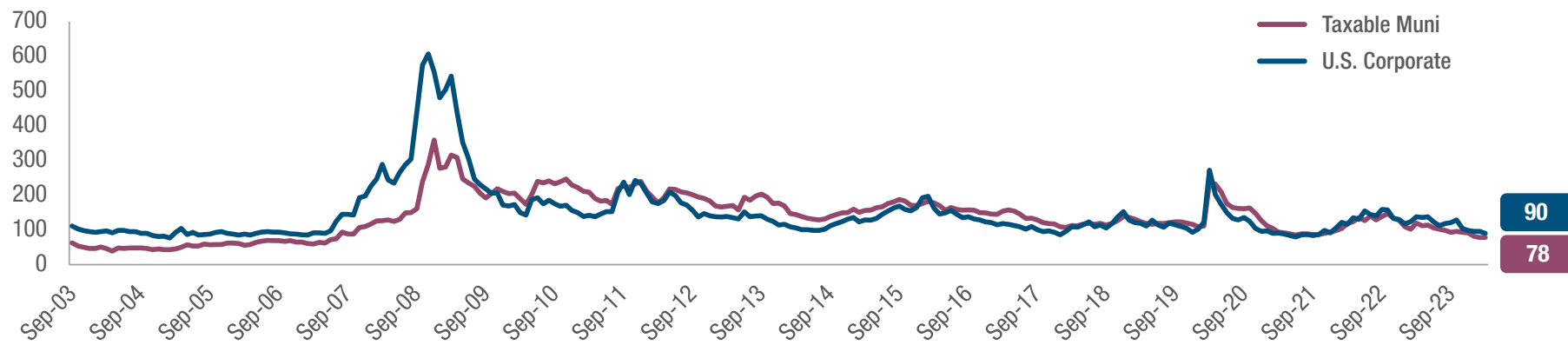
## High Yield Municipals, Returns by Sector

March 2024	(%)	Year-to-Date 2024	(%)
Hospital	1.96	Water & Sewer	4.35
Water & Sewer	1.72	Hospital	2.02
Education	1.26	Resource Recovery	1.92
Housing	1.26	Housing	1.87
Transportation	1.13	Transportation	1.62
Special Tax	0.96	Special Tax	1.54
IDR/PCR	0.78	IDR/PCR	1.41
Resource Recovery	0.62	Electric	1.05
Leasing	0.56	Education	-0.05
Electric	0.41	Leasing	-0.22
HY Tobacco	0.27	HY Tobacco	-1.03

Source: Bloomberg, as of 03/31/24. Representative index: Bloomberg High Yield Municipal Index. Past performance is not indicative of future results. An investment cannot be made in an index.

# Taxable Municipal Market Spreads & Performance

## Taxable Municipal Index Option-Adjusted Spread vs. U.S. Corporate Index Option-Adjusted Spread (bps)



Source: Bloomberg as of 03/31/24. Monthly data. Representative indices: Bloomberg Taxable Municipal Index and Bloomberg U.S. Corporate Index. The option-adjusted spread (OAS) is the measurement of the spread of a fixed income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option. Past performance is not indicative of future results. An investment cannot be made in an index.

## Returns (%), as of March 31, 2024

	Number Issues	Price Return	Coupon Return	MTD Total Return	Past 3m	Past 6m	Year-to-Date	Past 12m
<b>Taxable Muni</b>	9,302	0.93	0.37	1.30	0.10	8.00	0.10	3.56

MTD: Month to Date, Source: Bloomberg, as of 03/31/24. Representative index: Bloomberg Taxable Municipal Index. Past performance is not indicative of future results. An investment cannot be made in an index.

## Taxable Municipals, Returns by Sector

	March 2024 (%)	Year-to-Date 2024 (%)		March 2024 (%)	Year-to-Date 2024 (%)
Hospitals	1.49	0.71	GO - State	0.87	0.02
Multi-Family Housing	1.43	1.15	GO - Local	0.86	0.38
Health	1.37	-0.10	Tax	0.75	0.37
Airport	1.27	0.21	Water & Sewer	0.71	-0.98
Tobacco	1.17	1.87	Leasing COPS & Appropriations	0.70	0.37
Single Family Housing	1.12	0.20	Toll & Turnpike	0.70	-0.87
Industrial Development Revenue	1.11	-0.65	Power	0.69	-0.21
Utilities - Other	1.09	0.30	Pollution Control	0.63	0.50
Misc	1.08	0.89	ETM	0.38	0.57
Education	1.05	-0.42	Pre-Refunded	0.35	0.40
Transportation	0.98	-0.11			

Source: ICE Indices, as of 03/31/24. Representative index: ICE BofA U.S. Taxable Municipal Securities Plus Index (TXBL). Past performance is not indicative of future results. An investment cannot be made in an index.

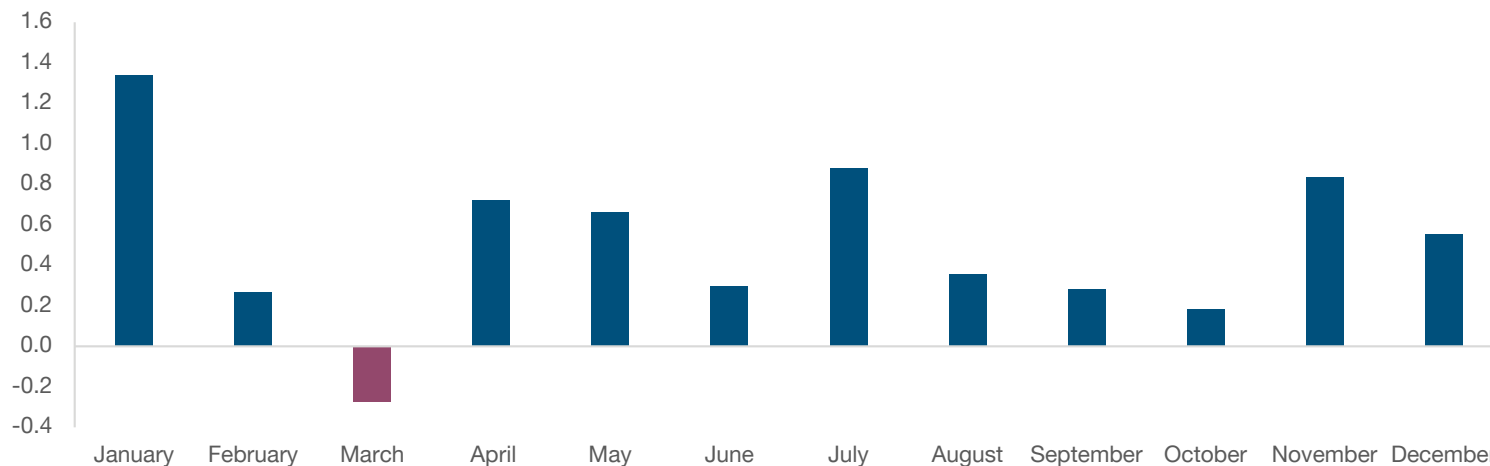


## Seasonal Trends in Municipal Bonds

Average monthly municipal bond returns from 1980-2023 demonstrate seasonal performance patterns, the result of recurring changes in market supply and demand dynamics.

- ▶ Periods of softer historical performance may suggest attractive potential entry points for new investment, e.g. around spring tax season, historically there has been a seasonal increase in selling to raise funds for owed taxes.
- ▶ These trends may also provide comfort that periods of historical weakness have often been followed by firmer periods in which demand for municipal bonds outpaced available supply.
- ▶ The experienced investment team at MacKay Municipal Managers seeks to add value for investors by seeking to capitalize on relative value opportunities presented by these temporary supply/demand imbalances.

### Bloomberg Municipal Index - Historical Average Returns by Month



Source: Bloomberg, 12/31/23. Average monthly total returns are from 1/1/1980-12/31/23 for the Bloomberg Municipal Bond Index. Bloomberg Municipal Bond Index is considered representative of the broad market for investment-grade tax-exempt bonds with a maturity of at least one year. Bonds subject to the alternative minimum tax or with floating or zero coupons are excluded. It is not possible to invest directly in an index. Past performance is no guarantee of future results, which will vary.



## Traditional Municipal Market Nuances Back in the Fold

In this episode, **Chris Roberti** sits down with **Sunny Gill** from the Los Angeles trading desk to discuss the municipal market now that we are into Q2 of 2024. Sunny is a Portfolio Manager and Trader with focus on the investment grade segment of the market, and along with Chris, he explores the recent lackluster municipal returns, the current attractiveness in the market, the credit landscape, and much more.



**Sunny Gill,**

Director, Portfolio Manager and Trader  
MacKay Municipal Managers



**Chris Roberti,**

Managing Director and Chief Marketing Officer  
MacKay Municipal Managers

Tune in to the full [Muni 360 Podcast](#) episode to hear more, and be sure to subscribe to [the podcast](#) wherever you listen to podcasts.

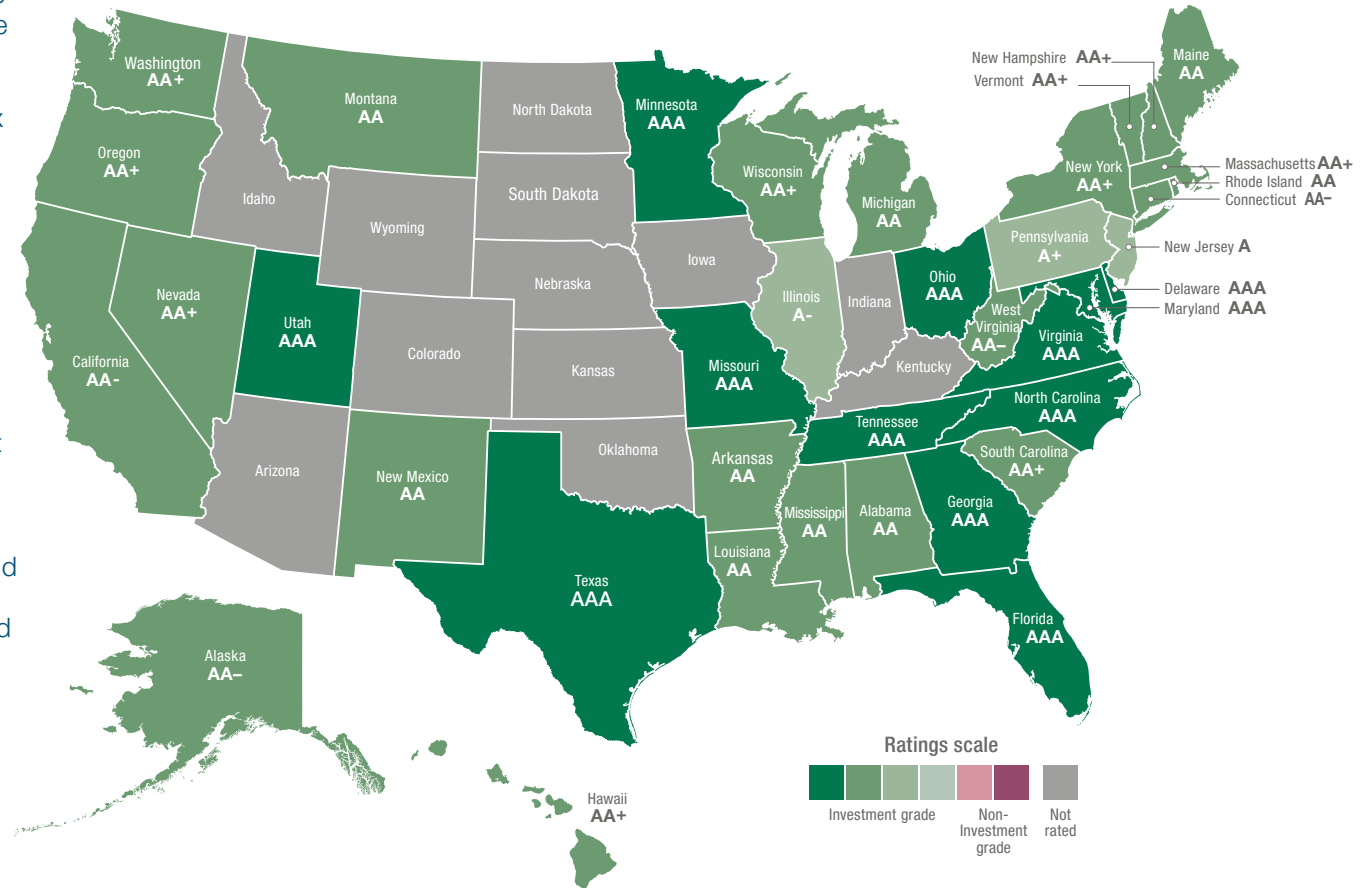




# April 2024 State Overviews

The financial landscape of U.S. state governments has undergone notable shifts since the onset of the pandemic. From unprecedented levels of financial aid to booming tax collections, the credit quality of states has largely improved since 2020. However, over the past eighteen months, we've seen the growth in tax collections start to cool after posting record gains.

The cooling of tax revenue streams is partially organic and partially due to policy—after 26 income tax cuts enacted between 2021 and 2023, at least a dozen additional income tax reductions are currently being considered by state legislatures this year. Thanks to these changes paired with lower adjusted gross incomes, the aggregate growth in general fund tax receipts across states was 0.6 percent in fiscal year 2023 before accounting for inflation, compared to an average pre-inflation growth rate of 17.8 percent per year between fiscal 2020 and 2022.





# April 2024 State Overviews

(Continued)

Even as they provided meaningful relief to taxpayers, the majority of states still hit record-high rainy day fund balances in fiscal 2023. The accumulation of reserves was supported by the introduction of budget policies such as those that transfer certain excess revenues into the funds, such as operating surpluses and more volatile tax streams.

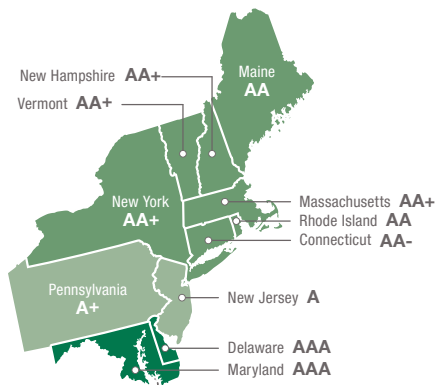
As a testament to the improved credit landscape, the three major rating agencies made 12 upgrades to states' issuer ratings during 2023 while downgrading zero.

The political landscape is tentative as all 435 House seats, 34 Senate seats and 11 gubernatorial seats will be voted on this year, in addition to the presidential election. 88 statewide ballot measures have been certified so far for the 2024 elections, with only 4 voting on bond issuance.

## References:

<https://www.pewtrusts.org/en/research-and-analysis/articles/>; [app.fitchconnect.com/article/](http://app.fitchconnect.com/article/); [equable.org/state-of-pensions-2020/](http://equable.org/state-of-pensions-2020/); [equable.org/pension-plan-funded-ratio-rankings-2023/](http://equable.org/pension-plan-funded-ratio-rankings-2023/); [higherlogicdownload.s3.amazonaws.com/NASBO/](https://higherlogicdownload.s3.amazonaws.com/NASBO/); [www.moodys.com/research/](http://www.moodys.com/research/); [sandpglobal-spglobal-live-bypass.cphostaccess.com](http://sandpglobal-spglobal-live-bypass.cphostaccess.com/); [www.fitchratings.com/research/](http://www.fitchratings.com/research/).

## North



**While revenue performance varied in the northeastern region, states continued to build reserves and improve pension funding practices.**

▶ Through the implementation of various fiscal guardrails, the State of **Connecticut** has managed to improve its financial position markedly in recent years. These guardrails have allowed for consecutive year-end operating surpluses and rapidly growing reserves – the state closed FY 2023 with \$3.3 billion in its Budget Reserve Fund, reaching the statutory cap of 15 percent of general fund appropriations. Connecticut’s tax base performed well through the first half of the fiscal year – collections increased by 2 percent year-over-year, driven by a 1.8 percent increase in the state’s largest revenue source, personal income tax. Effective January 1, 2024, Connecticut enacted a decrease in its lowest two income tax rates, representing the largest income tax cuts in state history. The total cost of the tax cut is expected to reach \$370 million by FY 2025 and \$1.59 billion over the next five years (2024-28), or 1.1% of general fund revenue.

- ▶ In the Commonwealth of **Massachusetts**, tax collections through the first half of fiscal year 2024 remained relatively flat over FY 2023 levels, supported by individual income tax growth of 4 percent. The “Millionaire’s Surtax”, which levies an incremental 4 percent tax on personal income above \$1 million, went into effect for the 2023 tax year and is expected to generate an additional \$1 billion in annual income tax revenue. Furthermore, the Commonwealth continues to accumulate reserves in its Stabilization Fund, amassing over \$8 billion or 15 percent of general fund spending. Beginning in fiscal 2024, the fund balance cap will increase from 15 percent of total budgeted revenues to 25.5 percent.
- ▶ The State of **New Jersey** experienced a modest decline of nearly 3 percent in tax collections through the first half of the fiscal year, driven by a 6 percent decline in gross income tax receipts. However, this loss was offset by the 9 percent gain in pass-through business alternative income tax revenues during the same period. The expiration of the 2.5 percent corporate surtax at the start of 2024 is expected to cost the state an estimated \$1 billion annually, though Governor Murphy is proposing Corporate Transit Fee to recuperate these lost revenues. Positively, the state has defeased roughly \$4 billion in outstanding debt over the last three years using its Debt Defeasance and Prevention Fund, saving taxpayers nearly \$1.4 billion in interest payments. New Jersey continues to make progress in funding its pension system with the Governor’s fiscal 2025 budget proposal calling for the fourth consecutive full pension payment in the record amount of \$7.2 billion, which includes proceeds from the state’s lottery tax. While New Jersey closed the fiscal year with only \$306 million in its Surplus Revenue Fund, its unassigned general fund balance is much larger at \$10.2 billion or 18 percent of spending, resulting in a rating upgrade from all three major ratings agencies in 2023.



## North (Continued)

- ▶ Though the State of **New York's** collections for the first three quarters of its fiscal year (beginning April 1<sup>st</sup>) were down 7 percent year-over-year, revenues actually outperformed projections by nearly \$3.6 billion. Similarly, while personal income tax receipts declined by more than 13 percent year-over-year, the tax stream outperformed projections by 1.7 percent as withholdings increased by 3 percent to nearly \$36 billion. Additionally, the state continues to maintain robust reserve levels with \$1.6 billion in its Tax Stabilization Reserve Fund, \$4.6 billion in its Rainy Day Reserve Fund and \$13.8 billion in the Unrestricted Reserve Designated for Economic Uncertainties, amounting to a total of more than \$20 billion or nearly 16 percent of spending.
- ▶ Lastly, the Commonwealth of **Pennsylvania** continues to prioritize building reserves and is expected to add over \$1 billion to its Budget Stabilization Reserve Fund by the close of the fiscal year, prompting both Moody's and S&P to assign a positive rating outlook. Tax revenue growth was relatively flat through the first half of the fiscal year, driven by slight increases in personal income and sales tax receipts. Resilient collections paired with disciplined fiscal practices have allowed the state to continue phasing down its corporate income tax rate from 9.99 percent to 4.99 percent by 2031.

State	Ratings (M/S/F) GO Debt Ratings	1H FY2024 Collections <sup>1</sup> YoY % Change	Major Revenue Sources YoY % Change	Penion Funded Ratio (FY 23) % change over FY19	Rainy Day Fund Balance Fiscal 2023	RDF Balances % of GF Spending Fiscal 2023
CT	Aa3 / AA- / AA-	\$8.74B (+2.0%)	Income Taxes: \$4.89B (+1.8%) Sales & Use Tax: \$2.54B (+3.7%)	57.8% (20.3%▲)	\$3.30B	15.0%
MA	Aa1 / AA+ / AA+	\$17.87B (+0.3%)	Income Taxes: \$10.09B (+4.2%) Sales & Use Tax: \$4.66B (-1.2%)	68.8% (15.8%▲)	\$8.04B	15.3%
NJ	A1 / A / A+	\$18.17B (-2.8%)	Gross Income Tax: \$7.42B (-5.7%) Sales Tax: \$5.01B (+0.1%)	53.5% (34.2%▲)	\$306M	0.6%
NY*	Aa1 / AA+ / AA+	\$72.27B (-7.1%)	Personal Income Tax: \$36.34B (-13.7%) Sales & Use Tax: \$14.17B (+5.6%)	92% (6.3%▼)	\$4.60B	5.0%
PA	Aa3 (Pos) / A+ (Pos) / AA	\$19.85B (+0.7%)	Personal Income Tax: \$7.52B (+0.7%) Sales & Use Tax: \$7.18B (+0.7%)	68.3% (16.4%▲)	\$6.03B	14.0%

\*Fiscal year beg. April 1; <sup>1</sup>For all tables in this report, if a given state does not report tax receipts, "1H FY2024 Collections" may refer to general fund revenues or a similar figure.

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# State Profiles (as of 03/31/24)



## CONNECTICUT



Capital City  
**Hartford**



Governor  
**Ned Lamont (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	1.66%
# of issuers <sup>2</sup>	460
Pension funded ratio (2023) <sup>3</sup>	57.8%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa3
S&P	AA-
Fitch	AA-
<b>Top marginal rates<sup>5</sup></b>	
State level	6.99%
Federal and state combined	43.99%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.83%
3%	5.75%
4%	7.66%
5%	9.58%



## DELAWARE



Capital City  
**Dover**



Governor  
**John Carney (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.24%
# of issuers <sup>2</sup>	246
Pension funded ratio (2023) <sup>3</sup>	87.6%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AAA
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	6.60%
Federal and state combined	43.60%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.80%
3%	5.70%
4%	7.60%
5%	9.51%



## MAINE



Capital City  
**Augusta**



Governor  
**Janet Mills (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.16%
# of issuers <sup>2</sup>	367
Pension funded ratio (2023) <sup>3</sup>	87.2%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa2
S&P	AA
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	7.15%
Federal and state combined	44.15%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.84%
3%	5.76%
4%	7.68%
5%	9.61%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## State Profiles (as of 03/31/24)



### MARYLAND



Capital City  
**Annapolis**



Governor  
**Wes Moore (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	1.40%
# of issuers <sup>2</sup>	473
Pension funded ratio (2023) <sup>3</sup>	80.8%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AAA
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	5.75%
Federal and state combined	42.75%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.74%
3%	5.61%
4%	7.48%
5%	9.35%



### MASSACHUSETTS



Capital City  
**Boston**



Governor  
**Maura Healey (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	5.53%
# of issuers <sup>2</sup>	912
Pension funded ratio (2023) <sup>3</sup>	68.8%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa1
S&P	AA+
Fitch	AA+
<b>Top marginal rates<sup>5</sup></b>	
State level	9.00%
Federal and state combined	46.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.98%
3%	5.98%
4%	7.97%
5%	9.96%



### NEW HAMPSHIRE



Capital City  
**Concord**



Governor  
**Chris Sununu (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.49%
# of issuers <sup>2</sup>	306
Pension funded ratio (2023) <sup>3</sup>	73.2%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa1
S&P	AA+
Fitch	AA+
<b>Top marginal rates<sup>5</sup></b>	
State level	3.00%
Federal and state combined	40.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.56%
3%	5.34%
4%	7.12%
5%	8.90%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## State Profiles (as of 03/31/24)



### NEW JERSEY



Capital City  
**Trenton**



Governor  
**Phil Murphy (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	4.14%
# of issuers <sup>2</sup>	2,056
Pension funded ratio (2023) <sup>3</sup>	53.5%
<b>State GO ratings<sup>4</sup></b>	
Moody's	A1
S&P	A
Fitch	A+
<b>Top marginal rates<sup>5</sup></b>	
State level	10.75%
Federal and state combined	47.75%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	4.13%
3%	6.19%
4%	8.26%
5%	10.32%



### NEW YORK



Capital City  
**Albany**



Governor  
**Kathy Hochul (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	16.46%
# of issuers <sup>2</sup>	3,700
Pension funded ratio (2023) <sup>3</sup>	92.0%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa1
S&P	AA+
Fitch	AA+
<b>Top marginal rates<sup>5</sup></b>	
State level	10.90%
Federal and state combined	47.90%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	4.14%
3%	6.21%
4%	8.28%
5%	10.35%



### PENNSYLVANIA



Capital City  
**Harrisburg**



Governor  
**Josh Shapiro (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	2.41%
# of issuers <sup>2</sup>	4,342
Pension funded ratio (2023) <sup>3</sup>	68.3%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa3
S&P	A+
Fitch	AA
<b>Top marginal rates<sup>5</sup></b>	
State level	3.07%
Federal and state combined	40.07%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.56%
3%	5.34%
4%	7.13%
5%	8.91%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## State Profiles (as of 03/31/24)



### RHODE ISLAND



Capital City  
**Providence**



Governor  
**Daniel McKee (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.63%
# of issuers <sup>2</sup>	183
Pension funded ratio (2023) <sup>3</sup>	74.6%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa2
S&P	AA
Fitch	AA
<b>Top marginal rates<sup>5</sup></b>	
State level	5.99%
Federal and state combined	42.99%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.76%
3%	5.64%
4%	7.52%
5%	9.40%



### VERMONT



Capital City  
**Montpelier**



Governor  
**Phil Scott (R)**

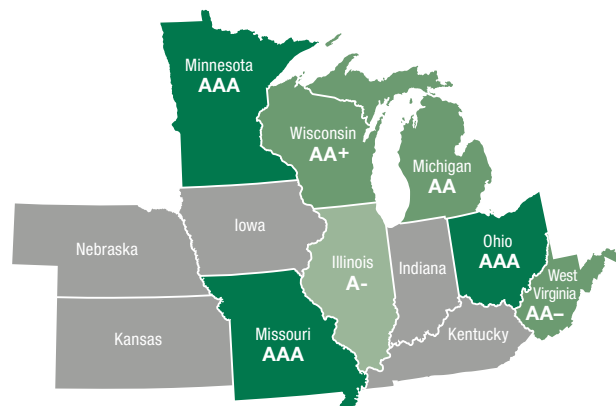
Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.11%
# of issuers <sup>2</sup>	116
Pension funded ratio (2023) <sup>3</sup>	63.3%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa1
S&P	AA+
Fitch	AA+
<b>Top marginal rates<sup>5</sup></b>	
State level	8.75%
Federal and state combined	45.75%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.96%
3%	5.95%
4%	7.93%
5%	9.91%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## Central

Midwestern states saw positive changes in revenues during the first half of their 2024 fiscal years, but the changes were moderate

enough that many of them underwhelmed the forecasts used for 2024 budgets.



► **Illinois's** individual income tax revenues for their general fund rose 0.8 percent in the first half of the fiscal year, but the full-year forecast they used upon passing the budget was for an 8.3 percent increase in that

revenue stream. Still, in November, the Governor's Office of Management and Budget upped its forecast for total revenues for the year, by 1.6 percent, due mostly to sources outside of income and sales taxes, such as federal aid. The state has also proposed some pension reforms to help its 50.9 percent funded ratio, which is one of the lowest in the country. Those reforms include raising its target for full funding from 90 percent to 100 percent, and redirecting extra funds resulting from maturing bonds into the pension fund, rather than making them available to the state for general use.

► **Kentucky's** pension fund benefitted from very favorable investments in the 2023 fiscal year that allowed its funded ratio to jump from 37.7 percent to 50.1 percent, but that improved ratio is still lowest in the nation. After being upgraded by both S&P and Fitch in 2023, the state looks to be on solid footing given its rainy day fund balance equaling 25.7 percent of general fund spending, as of the end of fiscal year 2023.

► For **Michigan**, we observe for this report only one quarter worth of tax collections because its fiscal year began on October 1<sup>st</sup>. In that quarter, revenues grew at 3.0 percent on a year-over-year basis, slightly less than the Consumer Price Index for the period, and income tax collection growth was flat. In February, Governor Gretchen Whitmer released her proposal for the fiscal year 2025 budget, which despite a windfall surplus of \$7.4 billion at the end of fiscal year 2023 reduces total state spending from \$82 billion to \$80.7 billion. However, it proposes contributions to the state's rainy day funds, including to the new School Aid Rainy Day Fund she established last year, which would bring total reserves to \$2.2 billion.

► **Ohio** was upgraded by both Moody's and S&P, and now joins a class of 11 other states which have AAA ratings across the board. This was due in large part to very healthy reserves amounting to 12.9 percent of general fund spending. However, in the first half of fiscal year 2024, income tax collections dropped by 4.8 percent. Still, this should not be a cause for much concern to the state which has had several consecutive annual surpluses. Its record of surpluses is such that some state lawmakers are proposing eliminating the individual income tax entirely.

► **Wisconsin** lawmakers are also campaigning to slash income taxes. A bill that would have cut the rate from 5.3 percent to 4.4 percent passed through the state's Republican legislature, but it was vetoed by Democratic Governor Tony Evers. The backdrop for this measure is a \$3 billion state surplus, but the Governor is currently intent on preserving revenues so that if the surplus were to evaporate, the state could withstand it without dipping into reserves. Those reserves sat at 8.8 percent of general fund spending at the end of fiscal year 2023, while the Government Finance Officers Association generally recommends 16 percent.

## Central (Continued)

State	Ratings (M/S/F) GO Debt Ratings	1H FY2024 Collections† YoY % Change	Major Revenue Sources YoY % Change	Penion Funded Ratio (FY 23) % change over FY19	Rainy Day Fund Balance Fiscal 2023	RDF Balances % of GF Spending Fiscal 2023
IL	A3 / A- / A- -Upgraded by Fitch	\$31.74B (+0.5%)	Individual Income Tax: \$11.42B (+0.8%) Sales & Use Tax: \$10.86B (+1.1%)	50.9% (5.5%▲)	\$1.94B	3.90%
KY	A1 / A+ / AA- -Appropriation, cannot issue GO debt	\$7.74B (+4.1%)	Individual Income Tax: \$2.83B (+2.7%) Sales & Use Tax: \$2.92B (+5.7%)	50.1% (9.2%▲)	\$3.71B	25.70%
MI*	Aa1 / AA / AA+	\$9.72B (+3.0%)	Individual Income Tax: \$3.07B (+0.0%) Sales & Use Tax: \$2.66B (-2.7%)	73.9% (19.7%▲)	\$1.78B	10.30%
OH	Aaa / AAA / AAA -Upgraded by Moody's and S&P	\$14.01B (+0.3%)	Individual Income Tax: \$5.00B (-4.8%) Sales & Use Tax: \$6.94B (+2.9%)	81.3% (3.7%▲)	\$3.50B	12.90%
WI	Aa1 / AA+ / AA+	\$11.17B (+1.5%)	Individual Income Tax: \$4.96B (-1.4%) Sales & Use Tax: \$4.28B (+6.6%)	100.2% (4.8%▼)	\$1.80B	8.80%

\* Fiscal year beg. Oct 1

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## State Profiles (as of 03/31/24)



### ILLINOIS



Capital City  
**Springfield**



Governor  
**J.B. Pritzker (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	2.25%
# of issuers <sup>2</sup>	4,774
Pension funded ratio (2023) <sup>3</sup>	50.9%
<b>State GO ratings<sup>4</sup></b>	
Moody's	A3
S&P	A-
Fitch	A-
<b>Top marginal rates<sup>5</sup></b>	
State level	4.95%
Federal and state combined	41.95%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.69%
3%	5.53%
4%	7.37%
5%	9.22%



### INDIANA



Capital City  
**Indianapolis**



Governor  
**Eric Holcomb (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.83%
# of issuers <sup>2</sup>	4,162
Pension funded ratio (2023) <sup>3</sup>	78.1%
<b>State GO ratings<sup>4</sup></b>	
Moody's	—
S&P	—
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	3.05%
Federal and state combined	40.05%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.56%
3%	5.34%
4%	7.12%
5%	8.90%



### IOWA



Capital City  
**Des Moines**



Governor  
**Kim Reynolds (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.42%
# of issuers <sup>2</sup>	2,608
Pension funded ratio (2023) <sup>3</sup>	89.6%
<b>State GO ratings<sup>4</sup></b>	
Moody's	—
S&P	—
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	5.70%
Federal and state combined	42.70%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.74%
3%	5.61%
4%	7.48%
5%	9.35%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.



## State Profiles (as of 03/31/24)



### KANSAS



Capital City  
**Topeka**



Governor  
**Laura Kelly (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.29%
# of issuers <sup>2</sup>	2,314
Pension funded ratio (2023) <sup>3</sup>	76.5%
<b>State GO ratings<sup>4</sup></b>	
Moody's	—
S&P	—
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	5.70%
Federal and state combined	42.70%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.74%
3%	5.61%
4%	7.48%
5%	9.35%



### KENTUCKY



Capital City  
**Frankfort**



Governor  
**Andy Beshear (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	1.72%
# of issuers <sup>2</sup>	2,004
Pension funded ratio (2023) <sup>3</sup>	50.1%
<b>State GO ratings<sup>4</sup></b>	
Moody's	—
S&P	—
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	4.00%
Federal and state combined	41.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.62%
3%	5.43%
4%	7.25%
5%	9.06%



### MICHIGAN



Capital City  
**Lansing**



Governor  
**Gretchen Whitmer (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	1.62%
# of issuers <sup>2</sup>	3,728
Pension funded ratio (2023) <sup>3</sup>	73.9%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa1
S&P	AA
Fitch	AA+
<b>Top marginal rates<sup>5</sup></b>	
State level	4.25%
Federal and state combined	41.25%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.64%
3%	5.46%
4%	7.28%
5%	9.10%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## State Profiles (as of 03/31/24)



### MINNESOTA



Capital City  
**St. Paul**



Governor  
**Tim Walz (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	2.90%
# of issuers <sup>2</sup>	3,685
Pension funded ratio (2023) <sup>3</sup>	75.2%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AAA
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	9.85%
Federal and state combined	46.85%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	4.05%
3%	6.08%
4%	8.11%
5%	10.13%



### MISSOURI



Capital City  
**Jefferson City**



Governor  
**Mike Parson (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.97%
# of issuers <sup>2</sup>	3,734
Pension funded ratio (2023) <sup>3</sup>	80.5%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AAA
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	4.80%
Federal and state combined	41.80%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.68%
3%	5.51%
4%	7.35%
5%	9.19%



### NEBRASKA



Capital City  
**Lincoln**



Governor  
**Jim Pillen (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.42%
# of issuers <sup>2</sup>	2,574
Pension funded ratio (2023) <sup>3</sup>	98.1%
<b>State GO ratings<sup>4</sup></b>	
Moody's	—
S&P	—
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	5.84%
Federal and state combined	42.84%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.75%
3%	5.62%
4%	7.50%
5%	9.37%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## State Profiles (as of 03/31/24)



### OHIO



Capital City  
**Columbus**



Governor  
**Mike DeWine (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	1.11%
# of issuers <sup>2</sup>	3,488
Pension funded ratio (2023) <sup>3</sup>	81.3%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AAA
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	3.99%
Federal and state combined	40.99%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.62%
3%	5.43%
4%	7.25%
5%	9.06%



### WEST VIRGINIA



Capital City  
**Charleston**



Governor  
**Jim Justice (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.17%
# of issuers <sup>2</sup>	731
Pension funded ratio (2023) <sup>3</sup>	93.1%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa2
S&P	AA-
Fitch	AA
<b>Top marginal rates<sup>5</sup></b>	
State level	6.12%
Federal and state combined	42.12%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.70%
3%	5.55%
4%	7.40%
5%	9.25%



### WISCONSIN



Capital City  
**Madison**



Governor  
**Tony Evers (D)**

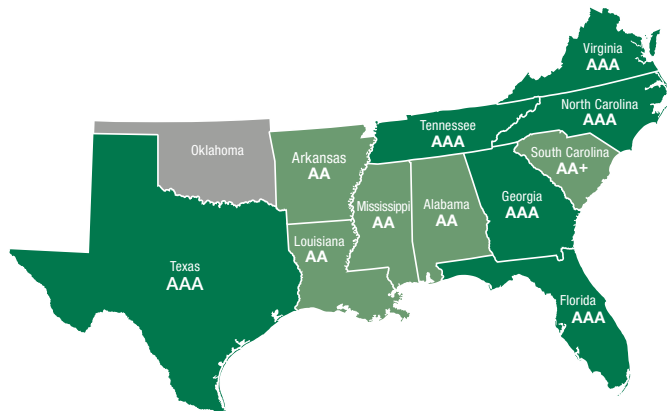
Total issuance, as % of market issuance (YTD) <sup>1</sup>	2.88%
# of issuers <sup>2</sup>	3,019
Pension funded ratio (2023) <sup>3</sup>	100.2%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa1
S&P	AA+
Fitch	AA+
<b>Top marginal rates<sup>5</sup></b>	
State level	7.65%
Federal and state combined	44.65%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.88%
3%	5.82%
4%	7.76%
5%	9.70%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## South

**Southern states generally prioritized tax relief for citizens while building reserves, despite experiencing a slowdown in sales tax growth.**

- ▶ The State of **Florida's** FY 2025 Proposed Budget includes \$1.5 billion in residential tax savings, which would be in addition to the \$4.2 billion of taxpayer relief delivered to Floridians over the previous two years. Florida, which does not levy an individual income tax on its residents, saw overall tax collections through the first half of fiscal year



2024 come in 2 percent higher than the previous year, while sales tax revenues remained relatively flat. Regardless of the apparent deceleration in revenue growth, the state continues to prioritize building reserves – accumulating over \$3 billion in its Budget Stabilization Fund.

- ▶ The State of **Georgia** saw individual and corporate income tax receipts drop by over 4 percent year-over-year during the first half of the fiscal year, though total general fund receipts increased by 1.6 percent. The state's Revenue Shortfall Reserve has been funded at the statutory maximum for three consecutive years, amounting to \$5.4 billion or 15 percent of net revenue. Additionally, the state has an unprecedented \$10.9 billion in undesignated reserves thanks to repeated year-end surpluses. Residents continue to benefit from the

state's strong budgetary performance – enacted in 2022, the Georgia voted to phase out its marginal income tax system with a top rate of 5.75 percent to a flat rate of 4.99 percent. On April 18, 2024, Governor Kemp approved two pieces of tax cut legislation—one to accelerate the planned personal income tax cuts, and the other to cause the 5.75 corporate income tax rate to fall in conjunction with the personal income tax.

- ▶ **Louisiana** experienced modest growth of 3.7 percent in personal income tax receipts during the first half of the fiscal year, driving total collections up 3 percent year-over-year. The state ended fiscal year 2023 with a \$325 million surplus and is expected to post its eighth consecutive surplus at the end of the current fiscal year. In addition to consistent budget outperformance, the state has contributed meaningfully to its two reserve funds in recent years – the Budget Stabilization Fund, the state's rainy day fund, and the Revenue Stabilization Trust Fund, which was established in 2016. The BSF concluded fiscal 2023 with a balance of nearly \$1 billion, approaching the statutory limit of 4 percent of state revenues, while the RSTF closed with a balance of nearly \$2.3 billion. The state employs mandatory transfers of mineral and corporate tax revenues above a certain threshold into the funds, as well as a percentage of any year-end surplus to the BSF. Citing its commitment to build and maintain reserves, S&P upgraded the state to AA in March 2024.
- ▶ Finally, the State of **Texas** recorded a 2 percent decrease in collections through the first half of the fiscal year after several years of robust revenue growth, despite growing sales tax and oil production tax receipts continuing to grow, thanks to a 46.6% decline in the natural gas production tax. The state closed the 2022-23 biennium with over \$14 billion in its Economic Stabilization Fund, or 72 percent

## South (Continued)

of the statutory maximum balance, and expects to end the current biennium with a balance of nearly \$24 billion. To fund the ESF, the state transfers in a portion of surplus general revenues at the close of each biennium along with severance tax revenues above a certain amount. Similarly, the state uses excess severance, fuel and sales tax revenues to bolster its state Highway Fund, the Texas Department of Transportation's main operating fund, which currently has a balance of \$8 billion. During the 2022-23 biennium, Texas voters approved record-high bond authorization levels totaling \$76 billion for local governments, much of which will be used to finance infrastructure needs related to the state's growing population.

State	Ratings (M/S/F) GO Debt Ratings	1H FY2024 Collections* YoY % Change	Major Revenue Sources YoY % Change	Penion Funded Ratio (FY 23) % change over FY19	Rainy Day Fund Balance Fiscal 2023	RDF Balances % of GF Spending Fiscal 2023
FL	Aaa / AAA / AAA	\$22.61B (+1.9%)	Sales Tax: \$17.21B (+0.8%) Corporate Income Tax: \$2.53B (+10.2%)	81.8% (1.0% ▼)	\$3.14B	7.1%
GA	Aaa / AAA / AAA	\$16.07B (+1.6%)	Individual Income Tax: \$7.96B (-4.5%) Sales & Use Tax: \$4.51B (+0.5%)	75.8% (3.2% ▼)	\$5.39B	15.0%
LA	Aa2 / AA / AA-	\$20.44B (+3.1%)	General Sales Tax: \$8.02B (-2.3%) Individual Income Tax: \$7.63B (+3.7%)	74.2% (6.7% ▲)	\$975M	8.2%
TX*	Aaa / AAA / AAA	\$24.12B (-1.9%)	Sales Taxes: \$15.76B (+2.4%) Oil Production Tax: \$2.21B (+1.1%)	76.9% (3.2% ▲)	\$14.17B	10.0%

\*Fiscal year beg. Sept 1

### References:

[edr.state.fl.us](http://edr.state.fl.us); [www.flgov.com/2024/03/08/](http://www.flgov.com/2024/03/08/); [www.flgov.com/2023/12/05/](http://www.flgov.com/2023/12/05/); [floridatwatch.org](http://floridatwatch.org); [myfloridacfo.com](http://myfloridacfo.com); [gsfic.georgia.gov/document/](http://gsfic.georgia.gov/document/); [www.nasbo.org](http://www.nasbo.org); [gbpi.org](http://gbpi.org); [sao.georgia.gov/media](http://sao.georgia.gov/media); [gov.georgia.gov](http://gov.georgia.gov); [Louisiana Dept of Revenue](http://Louisiana Dept of Revenue); [doa.la.gov/media](http://doa.la.gov/media); [www.kbra.com/publications](http://www.kbra.com/publications); [comptroller.texas.gov/transparency/revenue](http://comptroller.texas.gov/transparency/revenue); [comptroller.texas.gov/transparency/budget](http://comptroller.texas.gov/transparency/budget); [comptroller.texas.gov/about](http://comptroller.texas.gov/about); [emma.msrb.org](http://emma.msrb.org); [www.moodys.com/research](http://www.moodys.com/research); [comptroller.texas.gov/transparency/reports](http://comptroller.texas.gov/transparency/reports).

## State Profiles (as of 03/31/24)



### ALABAMA



Capital City  
**Montgomery**



Governor  
**Kay Ivey (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	4.75%
# of issuers <sup>2</sup>	2,212
Pension funded ratio (2023) <sup>3</sup>	71.5%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa1
S&P	AA
Fitch	AA+
<b>Top marginal rates<sup>5</sup></b>	
State level	5.00%
Federal and state combined	42.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.69%
3%	5.54%
4%	7.38%
5%	9.23%



### ARKANSAS



Capital City  
**Little Rock**



Governor  
**Sarah H Sanders (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.19%
# of issuers <sup>2</sup>	1,605
Pension funded ratio (2023) <sup>3</sup>	84.7%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa1
S&P	AA
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	4.40%
Federal and state combined	41.40%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.65%
3%	5.47%
4%	7.30%
5%	9.12%



### FLORIDA



Capital City  
**Tallahassee**



Governor  
**Ron DeSantis (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	3.04%
# of issuers <sup>2</sup>	4,004
Pension funded ratio (2023) <sup>3</sup>	81.8%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AAA
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	0.00%
Federal and state combined	37.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## State Profiles (as of 03/31/24)



### GEORGIA



Capital City  
**Atlanta**



Governor  
**Brian Kemp (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	2.74%
# of issuers <sup>2</sup>	2,050
Pension funded ratio (2023) <sup>3</sup>	75.8%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AAA
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	5.49%
Federal and state combined	42.49%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.72%
3%	5.59%
4%	7.45%
5%	9.31%



### LOUISIANA



Capital City  
**Baton Rouge**



Governor  
**Jeff Landry (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.29%
# of issuers <sup>2</sup>	1,756
Pension funded ratio (2023) <sup>3</sup>	74.2%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa2
S&P	AA
Fitch	AA-
<b>Top marginal rates<sup>5</sup></b>	
State level	4.25%
Federal and state combined	41.25%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.64%
3%	5.46%
4%	7.28%
5%	9.10%



### MISSISSIPPI



Capital City  
**Jackson**



Governor  
**Tate Reeves (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.33%
# of issuers <sup>2</sup>	1,316
Pension funded ratio (2023) <sup>3</sup>	66.3%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa2
S&P	AA
Fitch	AA
<b>Top marginal rates<sup>5</sup></b>	
State level	4.70%
Federal and state combined	41.70%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.67%
3%	5.50%
4%	7.34%
5%	9.17%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## State Profiles (as of 03/31/24)



### NORTH CAROLINA



Capital City  
**Raleigh**



Governor  
**Roy Cooper (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	1.41%
# of issuers <sup>2</sup>	1,112
Pension funded ratio (2023) <sup>3</sup>	88.6%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AAA
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	4.50%
Federal and state combined	41.50%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.66%
3%	5.48%
4%	7.31%
5%	9.14%



### OKLAHOMA



Capital City  
**Oklahoma City**



Governor  
**Kevin Stitt (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	1.28%
# of issuers <sup>2</sup>	1,742
Pension funded ratio (2023) <sup>3</sup>	80.0%
<b>State GO ratings<sup>4</sup></b>	
Moody's	—
S&P	—
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	4.75%
Federal and state combined	41.75%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.67%
3%	5.51%
4%	7.35%
5%	9.18%



### SOUTH CAROLINA



Capital City  
**Columbia**



Governor  
**Henry McMaster (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.73%
# of issuers <sup>2</sup>	891
Pension funded ratio (2023) <sup>3</sup>	59.9%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AA+
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	6.40%
Federal and state combined	43.40%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.79%
3%	5.68%
4%	7.58%
5%	9.47%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.



# State Profiles (as of 03/31/24)



## TENNESSEE



Capital City  
**Nashville**



Governor  
**Bill Lee (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	1.04%
# of issuers <sup>2</sup>	1,374
Pension funded ratio (2023) <sup>3</sup>	105.0%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AAA
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	0.00%
Federal and state combined	37.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%



## TEXAS



Capital City  
**Austin**



Governor  
**Greg Abbott (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	12.27%
# of issuers <sup>2</sup>	7,222
Pension funded ratio (2023) <sup>3</sup>	76.9%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AAA
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	0.00%
Federal and state combined	37.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%



## VIRGINIA



Capital City  
**Richmond**



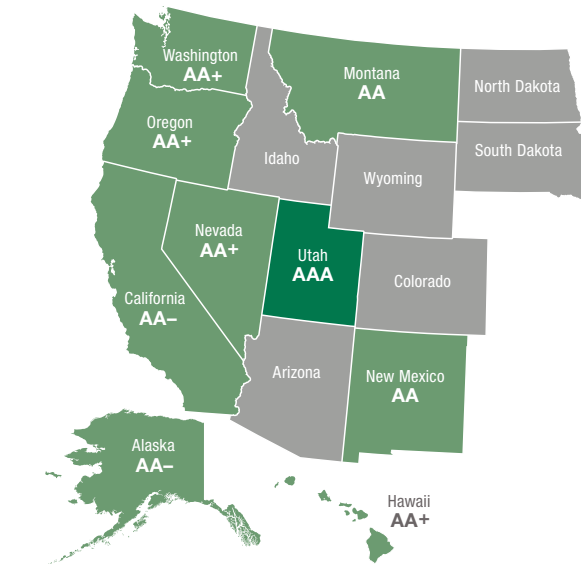
Governor  
**Glenn Youngkin (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	1.89%
# of issuers <sup>2</sup>	1,259
Pension funded ratio (2023) <sup>3</sup>	85.6%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AAA
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	5.75%
Federal and state combined	42.75%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.74%
3%	5.61%
4%	7.48%
5%	9.35%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## West

After dramatic drops in year-over-year tax receipts in fiscal 2023, collections stabilized in most western states during the first half of fiscal 2024.



► **Arizona's** was a notable exception, as its personal income tax receipts fell 27.7 percent due mostly to the effects of its lowered and flattened tax rate, which took effect in 2023. Sales taxes, which are the state's largest source of revenue, continued to climb along with inflation, but not by enough to cover over the foregone income tax revenues. Expenses for the state have increased for a variety of reasons, not least of which is an expansion to their school voucher program, so the state will need to contend with a projected shortfall as they create their 2025 budget.

► **California's** tax receipts tell a different story, although its collections were also subject to variance in tax policy. In California's case the variance was a one-time delay in the tax filing deadline, which shifted the timing of receipts that would have come in March and April of 2023, into October and November, temporarily but artificially inflating growth numbers. The state's extremely high rainy day fund balance is due to decline as it executed a withdrawal for 2024 and has planned

another for 2025—one of only a handful of states to do so—in order to help close a budget shortfall which, by some estimates, will reach \$58 billion over a three-year window. Governor Gavin Newsom has proposed a budget for the 2025 fiscal year, which aims to close the remaining shortfall with a combination of \$26.2 billion in expense cuts and \$18.6 billion in delays and fund shifts.

- **Colorado** lawmakers have, for several years now, sought to cap property taxes and repay local jurisdictions out of the state budget for the lost revenue. In November of 2023, a ballot measure that outlined how to pay for these reimbursements was rejected by voters, but the effort will be revamped for the 2024 ballot. In the meantime, the state has put the finishing touches on its budget, which increases general fund spending by about 7 percent. Also of note for Colorado this year was the dramatic improvement in its pension funded ratio, which is now at 71.4 percent, a full 21.7 percentage points higher than in 2019. This was thanks mostly to good investment performance.
- **Hawaii** Governor Josh Green cautioned in December that state revenues were materially below the expectations laid out in previous fiscal years. For example, at the beginning of fiscal year 2023, the state expected its general fund balance at the end of 2024 to be \$3.9 billion. Now, after the state's economy slowed and the government spent heavily on the recovery from Maui's wildfire, that number is expected to be \$607 million. However, in recent months state revenues have outperformed those lowered expectations handily—in the first half of the fiscal year, individual income tax collections were up 22.9 percent on a year-over-year basis, and total revenues are up by 6.9 percent, which is giving relief to the Governor's initial worries.

## West (Continued)

State	Ratings (M/S/F) GO Debt Ratings	1H FY2024 Collections† YoY % Change	Major Revenue Sources YoY % Change	Penion Funded Ratio (FY 23) % change over FY19	Rainy Day Fund Balance Fiscal 2023	RDF Balances % of GF Spending Fiscal 2023
AZ	Aa2 / AA- / NR -Appropriation, cannot issue GO debt	\$7.49B (-10.2%)	Individual Income Tax: \$2.46B (-27.7%) Sales & Use Tax: \$3.87B (+4.2%)	73.2% (13.3%▲)	\$1.45B	8.30%
CA	Aa2 (Neg) / AA- / AA	\$92.65B (+14.6%)	Individual Income Tax: \$55.91B (+16.4%) Sales & Use Tax: \$16.44B (-1.8%)	79.8% (11.3%▲)	\$54.16B	23.10%
CO	Aa2 / AA- / NR -Appropriation, cannot issue GO debt	\$8.70B (+2.1%)	Individual Income Tax: \$2.40B (+1.3%) Sales & Use Tax: \$5.08B (-3.8%)	71.4% (5.5%▲)	\$1.97B	10.50%
HI	Aa2 / AA+ / AA	\$5.07B (+6.9%)	Individual Income Tax: \$1.53B (+22.9%) Sales & Use Tax: \$2.20B (+1.4%)	65.4% (19.2%▲)	\$974M	9.20%

**References:**

[www.azjbc.gov](http://www.azjbc.gov); [www.sco.ca.gov](http://www.sco.ca.gov); [ebudget.ca.gov](http://ebudget.ca.gov); [coloradosun.com](http://coloradosun.com); [docs.google.com/spreadsheets/](https://docs.google.com/spreadsheets/); [investorrelations.hawaii.gov](http://investorrelations.hawaii.gov); [www.civilbeat.org/2023/12/](http://www.civilbeat.org/2023/12/); [files.hawaii.gov/tax](http://files.hawaii.gov/tax); [lookerstudio.google.com/reporting](http://lookerstudio.google.com/reporting).

## State Profiles (as of 03/31/24)



### ALASKA



Capital City  
**Juneau**



Governor  
**Mike Dunleavy (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.26%
# of issuers <sup>2</sup>	150
Pension funded ratio (2023) <sup>3</sup>	76.5%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa3
S&P	AA-
Fitch	A+
<b>Top marginal rates<sup>5</sup></b>	
State level	0.00%
Federal and state combined	37.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%



### ARIZONA



Capital City  
**Phoenix**



Governor  
**Katie Hobbs (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.84%
# of issuers <sup>2</sup>	1,385
Pension funded ratio (2023) <sup>3</sup>	73.2%
<b>State GO ratings<sup>4</sup></b>	
Moody's	—
S&P	—
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	2.50%
Federal and state combined	39.50%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.53%
3%	5.29%
4%	7.05%
5%	8.82%



### CALIFORNIA



Capital City  
**Sacramento**



Governor  
**Gavin Newsom (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	11.15%
# of issuers <sup>2</sup>	9,284
Pension funded ratio (2023) <sup>3</sup>	79.8%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa2
S&P	AA-
Fitch	AA
<b>Top marginal rates<sup>5</sup></b>	
State level	13.30%
Federal and state combined	50.30%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	4.36%
3%	6.54%
4%	8.71%
5%	10.89%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## State Profiles (as of 03/31/24)



### COLORADO



Capital City  
**Denver**



Governor  
**Jared Polis (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	2.92%
# of issuers <sup>2</sup>	2,970
Pension funded ratio (2023) <sup>3</sup>	71.4%
<b>State GO ratings<sup>4</sup></b>	
Moody's	—
S&P	—
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	4.40%
Federal and state combined	41.40%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.65%
3%	5.47%
4%	7.30%
5%	9.12%



### HAWAII



Capital City  
**Honolulu**



Governor  
**Josh Green (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.08%
# of issuers <sup>2</sup>	71
Pension funded ratio (2023) <sup>3</sup>	65.4%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa2
S&P	AA+
Fitch	AA
<b>Top marginal rates<sup>5</sup></b>	
State level	11.00%
Federal and state combined	48.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	4.15%
3%	6.22%
4%	8.30%
5%	10.37%



### IDAHO



Capital City  
**Boise**



Governor  
**Brad Little (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	1.00%
# of issuers <sup>2</sup>	536
Pension funded ratio (2023) <sup>3</sup>	88.9%
<b>State GO ratings<sup>4</sup></b>	
Moody's	—
S&P	—
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	5.80%
Federal and state combined	42.80%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.75%
3%	5.62%
4%	7.49%
5%	9.36%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## State Profiles (as of 03/31/24)



### MONTANA



Capital City  
**Helena**



Governor  
**Greg Gianforte (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.09%
# of issuers <sup>2</sup>	802
Pension funded ratio (2023) <sup>3</sup>	73.0%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa1
S&P	AA
Fitch	AA+
<b>Top marginal rates<sup>5</sup></b>	
State level	5.90%
Federal and state combined	42.90%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.75%
3%	5.63%
4%	7.50%
5%	9.38%



### NEVADA



Capital City  
**Carson City**



Governor  
**Joe Lombardo (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	1.14%
# of issuers <sup>2</sup>	277
Pension funded ratio (2023) <sup>3</sup>	81.8%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa1
S&P	AA+
Fitch	AA+
<b>Top marginal rates<sup>5</sup></b>	
State level	0.00%
Federal and state combined	37.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%



### NEW MEXICO



Capital City  
**Santa Fe**



Governor  
**Michelle Lujan Grisham (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.20%
# of issuers <sup>2</sup>	661
Pension funded ratio (2023) <sup>3</sup>	65.4%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa2
S&P	AA
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	5.90%
Federal and state combined	42.90%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.75%
3%	5.63%
4%	7.50%
5%	9.38%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

## State Profiles (as of 03/31/24)



### NORTH DAKOTA



Capital City  
**Bismarck**



Governor  
**Doug Burgum (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.39%
# of issuers <sup>2</sup>	879
Pension funded ratio (2023) <sup>3</sup>	67.4%
<b>State GO ratings<sup>4</sup></b>	
Moody's	—
S&P	—
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	2.50%
Federal and state combined	39.50%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.53%
3%	5.29%
4%	7.05%
5%	8.82%



### OREGON



Capital City  
**Salem**



Governor  
**Tina Kotek (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.26%
# of issuers <sup>2</sup>	1,223
Pension funded ratio (2023) <sup>3</sup>	88.2%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aa1
S&P	AA+
Fitch	AA+
<b>Top marginal rates<sup>5</sup></b>	
State level	9.90%
Federal and state combined	46.90%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	4.06%
3%	6.09%
4%	8.11%
5%	10.14%



### SOUTH DAKOTA



Capital City  
**Pierre**



Governor  
**Kristi Noem (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.04%
# of issuers <sup>2</sup>	588
Pension funded ratio (2023) <sup>3</sup>	100.0%
<b>State GO ratings<sup>4</sup></b>	
Moody's	—
S&P	—
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	0.00%
Federal and state combined	37.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

# State Profiles (as of 03/31/24)



## UTAH



Capital City  
**Salt Lake City**



Governor  
**Spencer Cox (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.59%
# of issuers <sup>2</sup>	900
Pension funded ratio (2023) <sup>3</sup>	107.0%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AAA
Fitch	AAA
<b>Top marginal rates<sup>5</sup></b>	
State level	4.55%
Federal and state combined	41.55%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.66%
3%	5.49%
4%	7.32%
5%	9.15%



## WASHINGTON



Capital City  
**Olympia**



Governor  
**Jay Inslee (D)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	2.05%
# of issuers <sup>2</sup>	1,844
Pension funded ratio (2023) <sup>3</sup>	103.5%
<b>State GO ratings<sup>4</sup></b>	
Moody's	Aaa
S&P	AA+
Fitch	AA+
<b>Top marginal rates<sup>5</sup></b>	
State level	7.00%
Federal and state combined	44.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.83%
3%	5.75%
4%	7.66%
5%	9.58%



## WYOMING



Capital City  
**Cheyenne**



Governor  
**Mark Gordon (R)**

Total issuance, as % of market issuance (YTD) <sup>1</sup>	0.02%
# of issuers <sup>2</sup>	313
Pension funded ratio (2023) <sup>3</sup>	93.6%
<b>State GO ratings<sup>4</sup></b>	
Moody's	—
S&P	—
Fitch	—
<b>Top marginal rates<sup>5</sup></b>	
State level	0.00%
Federal and state combined	37.00%
<b>Tax equivalent yields<sup>6</sup></b>	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%

1. Bloomberg, March 2024. 2. Electronic Municipal Market Access (EMMA), March 2024. 3. Equable, January 2024. 4. Bloomberg, April 2024. 5. Tax Foundation, March 2024. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2023) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.



## ABOUT RISK

### All investments are subject to market risk and will fluctuate in value.

A portion of a municipal fund's income may be subject to state and local taxes or the Alternative Minimum Tax. Investments in bonds are subject to interest-rate risk and can lose principal value when interest rates rise. Bonds are also subject to credit risk, in which the bond issuer may fail to pay interest and principal in a timely manner. High-yield securities (commonly referred to as "junk bonds") are generally considered speculative because they present a greater risk of loss than higher-quality debt securities and may be subject to greater price volatility. High-yield municipal bonds may be subject to increased liquidity risk, as compared to other high-yield debt securities. Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers, and the possibility of future tax and legislative changes, which could affect the market for and value of municipal securities. Such uncertainties could cause increased volatility in the municipal securities market. Securities that are liquid at the time of purchase may subsequently become illiquid, due to events relating to the issuer of the securities, market events, economic conditions, or investor perceptions. The views and opinions expressed herein are solely those of the MacKay Municipal Managers™ team of MacKay Shields and are subject to change.

Neither New York Life Investment Management LLC, nor its affiliates or representatives provide tax, legal or accounting advice. Please contact your own professionals. Bloomberg Municipal Bond Index is considered representative of the broad market for investment-grade, tax-exempt bonds with a maturity of at least one year. High Yield Municipal Bond Blended Index consists of the Bloomberg High Yield Municipal Bond Index and the Bloomberg Municipal Bond Index weighted 60%/40% respectively which is believed to be a fair representation of the MainStay MacKay High Yield Municipal Bond I Fund's guidelines. Bloomberg New York Municipal Bond Index is a market value-weighted index of New York investment-grade, tax-exempt, fixed-rate municipal bonds with maturities of one year or more. Bloomberg California Municipal Bond Index is a market value-weighted index of California investment-grade, tax-exempt, fixed-rate municipal bonds with maturities of one year or more. Bloomberg 3-Year Municipal Bond Index is considered representative of the broad market for investment-grade tax-exempt bonds with a maturity range of 2-4 years. Index results assume the reinvestment of all capital gain and dividend distributions.

## DEFINITIONS

**Active management** is the use of a human element, such as a single manager, co-managers or a team of managers, to actively manage a fund's portfolio. Active management strategies typically have higher fees than passive management. **Distribution yield** is the ratio of all the distributions a fund paid in the past 12 months divided by the current share price of the fund. **Muni Treasury ratio** is computed by dividing a given municipal bond's yield by the yield on a comparable maturity Treasury security. The yield ratio curve is an array of ratios for given maturities, typically 1 to 30 years. **Alpha** measures a fund's risk-adjusted performance and is expressed as an annualized percentage. **Credit spread** reflects the difference in yield between a treasury and corporate bond of the same maturity. **Duration** is a measure of the sensitivity of the price of a bond to a change in interest rates. **Interest rate risk** is the potential that a change in overall interest rates will reduce the value of a bond. **Modified Duration** is inversely related to the approximate percentage change in price for a given change in yield. **Duration to Worst** is the duration of a bond, computed using the bond's nearest call date or maturity, whichever comes first. This measure ignores future cash flow fluctuations due to embedded optionality. **Standard deviation** measures how widely dispersed returns have been over a specific period of time. A high standard deviation indicates that the range is wide, implying greater potential for volatility. **Spread** widening means that the difference between two bonds is increasing. **Yield to worst** is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting. The yield-to-worst metric is used to evaluate the worst-case scenario for yield at the earliest allowable retirement date. **Coupon returns** refer to the annual interest provided by a bond. **Price returns** refer to returns generated by investments due to changes in price over a period of time. **MTD returns** refer to returns generated on monthly basis. **Credit ratings:** Moody's rates borrowers on a scale from Aaa through C. Aaa through Baa3 represent investment grade, while Ba1 through C represent non-investment grade. Standard & Poor's rates borrowers on a scale from AAA to D. AAA through BBB represent investment grade, while BB through D represent non-investment grade. Fitch rates borrowers on a scale from AAA to D. AAA to BBB represent investment grade, while BB through D represent non-investment grade. **Bloomberg U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities, and commercial mortgage-backed securities. **Bloomberg U.S. Corporate High Yield Index** represents the universe of fixed rate, non-investment grade debt. **Bloomberg Municipal Bond Index** is considered representative of the broad market for

investment-grade, tax-exempt bonds with a maturity of at least one year. Bonds subject to the alternative minimum tax or with floating or zero coupons are excluded. **Bloomberg High Yield Municipal Index** is an unmanaged index of municipal bonds with the following characteristics: fixed coupon rate, credit rating of Ba1 or lower or non-rated using the middle rating of Moody's, S&P, and Fitch, outstanding par value of at least \$3 million, and issued as part of a transaction of at least \$20 million. In addition, the bonds must have a dated-date after December 31, 1990 and must be at least one year from their maturity date. The **Bloomberg 5-10 Year Taxable Municipal Bond Index** is the 5-10 year component of the Bloomberg Taxable Municipal Bond Index. The **Bloomberg Taxable Municipal Bond Index** is a rules-based, marker-value-weighted index engineered for the long-term taxable bond market. Index results assume the reinvestment of all capital gain and dividend distributions. The **Bloomberg U.S. Treasury Index** measures the public obligations of the US Treasury with a remaining maturity of one year or more. Must be a US Treasury security. Must have at least \$300 million par amount outstanding. Must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. Must be fixed rate. Must be dollar-denominated and non-convertible. **Bloomberg U.S. Corporate Investment Grade Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers. **Bloomberg Asset Backed Securities Index** is a subset of the Bloomberg U.S. Aggregate Bond Index and tracks asset-backed securities with maturities of at least one year. **Bloomberg U.S. MBS Index** measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of GNMA, FNMA, and FHLMC. **Bloomberg AAA-, AA-, A-, and BBB-Rated Municipal Bond Indexes** are sub-indexes of the Bloomberg Municipal Bond Index. **ICE BofA U.S. Corporate Index** tracks the performance of U.S. dollar-denominated investment-grade corporate debt publicly issued in the U.S. domestic market. **ICE BofA U.S. Taxable Municipal Securities Plus Index** tracks the performance of U.S. dollar denominated taxable municipal debt publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market. **ICE BofA Broad U.S. Taxable Municipal Securities Index** tracks the performance of U.S. dollar denominated debt publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market.

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