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All Three Major Rating Agencies Reaffirm Maryland's AAA Bond Rating

Moody's, S&P Global, and Fitch Ratings Maintain Stable Outlook

ANNAPOLIS (August 3, 2021) – Maryland State Treasurer Nancy K. Kopp announced today that the three major bond rating agencies have reaffirmed the State's AAA bond rating, all with stable outlooks, in advance of the upcoming competitive sale of up to \$615.0 million of tax-exempt new money bonds and negotiated sale of up to \$241.4 million of tax-exempt forward refunding bonds. Both are expected to be approved on Wednesday, August 11, 2021.

Maryland is one of thirteen states* to hold the coveted AAA rating, the highest possible rating, from all three major bond rating agencies. S&P Global Ratings has rated the bonds AAA since 1961, Moody's Investors Service has assigned the bonds a rating of Aaa since 1973, and Fitch Ratings has rated the bonds AAA since 1993.

Treasurer Kopp said, "We are pleased that as the vaccine rollout allows Maryland to begin recovering from the impact of COVID-19, the rating agencies recognize that the State's proactive response to the pandemic, its steady commitment to prudent fiscal management, and the reserves it has built up over the last decade helped us to weather the worst parts of the crisis. Furthermore, Maryland's dynamic economy, highly educated workforce, and above average wealth and income levels have put us in a strong position as we move forward."

Moody's Investors Service, in providing its rationale for its Aaa rating, noted that "the budgetary flexibility afforded to Maryland by its Board of Public Works... has been on display throughout the pandemic" by helping to free up hundreds of millions of dollars to close gaps in fiscal years 2021 and 2022. Moody's also notes that the State's better-than-expected performance has allowed it to simultaneously close budget gaps, maintain significant reserves, and provide over \$1 billion in spending to support Maryland residents and businesses.

Fitch Ratings, in assigning its AAA rating and stable outlook, noted Maryland's "broad, diverse and wealthy economy, strong and forward-looking fiscal management, and broad budgetary flexibility." Fitch notes the importance of Federal pandemic aid and the additional State measures taken to support the State's economy since the onset of the pandemic.

In assigning its AAA long-term rating and stable outlook, S&P Global Ratings stated, "Maryland's fundamental economic strengths...provided some steadiness to income tax collections and better-than-forecasted revenue performance in fiscal 2021." However, S&P also noted that "although a moderate debt service carrying charge, rapid amortization, and strong debt affordability management remaining mitigating strengths... if state obligations outpace economic growth, it could pressure our view of the State's debt profile."

The bond sale will include up to \$540.0 million of tax-exempt new money bonds, \$75.0 million in taxable new money bonds, and \$241.4 million in tax-exempt forward refunding bonds. The tax-exempt new money bonds will be sold in two bidding groups to enhance competition: Bidding Group 1 - \$259.0 million; and Bidding Group 2 - \$281.1 million. The tax-exempt forward refunding bonds are being underwritten by Bank of America and are expected to generate around \$40.0 million in debt service savings between now and 2030.

As is always the case with Maryland's General Obligation Bonds, the State will use the new money proceeds to finance important capital projects and improvements, such as public schools, community colleges, university projects and hospitals.

The Maryland Board of Public Works, composed of Governor Lawrence J. Hogan, Jr., Treasurer Nancy K. Kopp, and Comptroller Peter Franchot, will preside over the competitive bond sale at its meeting on Wednesday, August 11, 2021.

The Maryland State Treasurer's Office expects to conduct another bond sale in February or March 2022.

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* The other twelve states with AAA ratings from all three rating agencies are Delaware, Georgia, Florida, Indiana, Iowa, Missouri, North Carolina, South Dakota, Tennessee, Texas, Utah, and Virginia.