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NEWS RELEASE

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Maryland Retains AAA Bond Rating, Plans to Sell Up to $1.05 Billion in General Obligation Bonds

ANNAPOLIS (June 1, 2022) – Maryland State Treasurer Dereck E. Davis announced today that the three major bond rating agencies have reaffirmed the State's AAA bond rating and noted a "stable outlook." The news comes as Treasurer Davis prepares to help preside over his first competitive sale of State General Obligation Bonds on Wednesday, June 8, 2022.

Maryland is one of only 13 states* to hold the coveted AAA rating – the highest possible – from all three major bond rating agencies. S&P Global Ratings, Moody's Investors Service, and Fitch Ratings have each assigned the State the same ratings since 1961 (AAA), 1973 (Aaa), and 1993 (AAA), respectively.

"Today is a proud day for Maryland. Our economy and our citizens continue to demonstrate resilience despite many challenges to our collective way of life. Through the pandemic, global unrest, and record inflation, we have managed to maintain the rating agencies' confidence in our fiscal management," said Treasurer Davis. "The AAA ratings ensure that the interest rates on the State's bonds remain low, saving Maryland residents millions of dollars. We can then invest those savings into schools, roads, healthcare facilities, and other community needs."

In its analysis, S&P Global Ratings indicated that "The stable outlook on Maryland's rating continues to reflect our opinion of the state's ability to proactively manage economic and budgetary risks that arise in a structurally balanced manner to alleviate fiscal pressures. The state has a long history of proactive budget management to maintain adequate reserves levels and enact expenditure reductions when needed, which we expect will continue."

Moody's Investors Service assigned its Aaa rating, noting "The highest-quality rating reflects Maryland's strong financial management policies, ample liquidity levels, stable economy and high personal income levels, all of which mitigate the state's economic exposure to potential constrained federal spending in the future, as well as its above-average debt and retiree liability burdens stemming from the state's practice of issuing debt and absorbing certain pension costs on behalf of local governments, respectively." The agency further explained "The outlook for Maryland's general obligation debt is stable. The state's proactive fiscal management enables it to make midcourse corrections and weather economic cycles. It has also taken often difficult actions to strengthen the foundations for long-term fiscal sustainability."

Fitch Ratings, in turn, said that its AAA rating reflects the State's "broad, diverse and wealthy economy, strong and forward-looking fiscal management, and broad budgetary flexibility. Liabilities are elevated for a state, but carefully managed and moderate relative to available resources." Additionally, the agency found that Maryland's "Financial resilience is extremely strong, with well-funded budgetary reserves, consensus-oriented decision-making with a willingness to trim spending and increase revenues, and disciplined multiyear forecasting and planning."

The June 8 bond sale is anticipated to include $900,000,000 of tax-exempt bonds, sold in three bidding groups, and $150,000,000 of taxable bonds. Governor Lawrence J. Hogan Jr. and Comptroller Peter V.R. Franchot, as members of the Board of Public Works, will join Treasurer Davis in overseeing the sale, which will take place in the Assembly Room of the Goldstein Treasury Building in Annapolis.

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

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