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

Moody's, S&P Global, and Fitch Ratings Also Maintain Stable Outlook While Noting Challenges as State Moves Towards Recovery

ANNAPOLIS (February 17, 2021) – Maryland State Treasurer Nancy K. Kopp announced today that in spite of continued fiscal headwinds caused by the COVID-19 pandemic, 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 $475.0 million of General Obligation Bonds on Wednesday, February 24, 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 even with the many challenges Maryland faces as a result 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 have helped us to weather the crisis so far. Furthermore, Maryland's dynamic economy, highly educated workforce, and above average wealth and income levels put us in a strong position as we move towards recovery."

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 funds to support Maryland residents and businesses.

Fitch Ratings, in assigning its AAA rating and stable outlook, said that Maryland is addressing its revenue shortfalls and funding of relief priorities in a fashion it considers "achievable and prudent." It notes the extraordinary measures taken to manage the State's finances during the pandemic, including the Board of Public Works' midyear reductions, use of federal relief funds, and measures such as the hiring freeze and restrictions on spending instituted in 2020.

In assigning its AAA long-term rating and stable outlook, S&P Global Ratings stated, "Maryland's fundamental economic strengths have allowed it to weather the initial budgetary shock of the COVID-19-induced recession," citing the State's better than anticipated revenue performance so far during the pandemic. However, S&P notes that "the COVID-19 pandemic… if sustained, could weaken the State's economy, liquidity, and budgetary performance."

The bond sale will include $425.0 million of tax-exempt bonds and up to $50.0 million in taxable bonds. The tax-exempt bonds will be sold in two bidding groups to enhance competition: Bidding Group 1 - $207.5 million of tax-exempt bonds; and Bidding Group 2 - $217.5 million of tax-exempt bonds. All bonds are expected to be sold to institutions.

As is always the case with Maryland's General Obligation Bonds, the State will use the 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, February 24, 2021. The meeting will be held virtually.

The Maryland State Treasurer's Office expects to conduct another bond sale in July or August 2021.

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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.