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S&P Bulletin: Vermont Flooding And Storm Damage Unlikely To Have Negative Credit Implications

CHICAGO (S&P Global Ratings) July 17, 2023—S&P Global Ratings today said that it does not expect an immediate negative credit impact on rated U.S. public finance obligors in Vermont in the wake of last week's storm, which brought torrential downpours and heavy flooding in many parts of the state, including inundating Montpelier, the state capital.

Over a two-day period over July 9-11, parts of Vermont saw as much as nine inches of rain, triggering what state officials report as historic flooding, surpassing the damage experienced during Tropical Storm Irene in 2011 and destroying thousands of homes and businesses. On Tuesday, July 11, President Biden issued an emergency declaration authorizing the Federal Emergency Management Agency (FEMA) to coordinate the immediate disaster response and to provide federal disaster relief assistance. No official damage estimates are yet available.

S&P Global Ratings maintains a small number of credit ratings on Vermont issuers (see table), and we have been in contact with these issuers to assess near-term exposure. However, we do not believe that there is any imminent risk of credit deterioration. The state of Vermont (AA+/Stable) passed its fiscal 2024 budget in June and ended fiscal 2023 with budgetary stabilization reserves that were funded at the statutory maximum of 5% of appropriations in the general, education, and transportation funds. The state's unrestricted cash balance was more than \$2.3 billion as of March, and management indicates that Vermont has sufficient cash on hand to meet immediate recovery needs without external borrowing.

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