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State of Connecticut: Fitch New Issue Report

Absent tax policy changes, Fitch expects Connecticut's underlying revenues to grow only modestly over time, consistent with the state's wealthy and diverse, but slow-growing, economic profile. Connecticut's natural pace of spending growth is expected to marginally outpace revenue growth despite recently extending robust budget controls for the next decade. The state has consistently demonstrated the ability to cover its comparatively high fixed costs with more than a decade of full actuarial contributions to pensions supplemented by statutory additional pension payments from excess revenues. The state's long-term liability burden is elevated and among the highest for U.S. states but still moderate relative to personal income. Connecticut's robust fiscal resilience is bolstered by statutory mechanisms supporting accumulation of reserves, including setting aside in the budget reserve fund volatile revenue collections over specific thresholds and a required excess margin of revenues over budgeted spending.

ACCESS REPORT

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