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S&P: Texas Public Finance Authority Series 2026 General Obligation Bonds Rated 'AAA'; Outlook Stable

NEW YORK (S&P Global Ratings) Nov. 17, 2025–S&P Global Ratings today took the rating actions listed above.

Given Texas' location along the Gulf Coast, we consider the state to have a higher exposure to acute physical risks, including severe weather events, coastal flooding, and extreme heat, as well as exposure to chronic physical risks, including drought. Although severe weather events are temporary, their recurrence and the state's prolonged exposure to these events could pressure its economic development should it overlook inclusion of adaptation and mitigation initiatives in its long-term planning activities. In addition, Texas has a comparatively greater proportion of energy-related activities in the oil-and-gas sector, and this could lead to increasing regulatory challenges and associated costs as some sectors of the global economy focus on reducing greenhouse gas emissions through renewable energy.

The state's demographic trends generally contribute to lower social capital risk given that population growth during the past decade exceeded the national level, and this can provide for greater economic development potential than that of peers. However, we believe corresponding service demands and growth-related infrastructure needs might require the state to incorporate additional debt issuances and operating costs into its budget. We view Texas' governance risks as neutral, and we note its history of maintaining a strong management and policy framework to respond to developing risks. We believe the state's long-term capacity to evolve its resiliency efforts from responsive to preventative will be a key credit consideration.

The stable outlook reflects our expectation that Texas' financial forecasting and strong budgetary management will help guide executive and legislative actions to make timely adjustments that align expenditures and revenue. It also reflects our view that Texas will exhibit favorable economic and population growth that exceeds that of the U.S., further supporting our view of its long-term credit stability.

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