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Better Data Can Highlight Climate Exposure: S&P Focus On U.S. Public Finance

Key Takeaways

- **Better data could provide a foundation for understanding current and future climate risks** on the county level across the U.S. in coming years, providing insight into U.S. public finance—where consistent and comparative disclosure has been lagging.
- **Data also improves our understanding of the possible scale of entities' risks and can facilitate a richer dialogue about adaptation actions.** For USPF entities, location and regulation will drive sensitivity to physical climate risks, so enhanced analytics about the degree of potential exposures and when the exposures could crystallize can improve our understanding of their preparedness and the potential future influence of climate risk on credit quality, if adaptation actions are not taken.
- **Water stress and heat waves are on the rise in the U.S.,** where water scarcity will affect 38% of counties in 2050 under a high-stress climate scenario (RCP8.5), raising risks under this scenario for their municipal water utilities, public-owned power utilities, and local governments. Heat wave risk will continue to increase across all states and under all scenarios to midcentury with Florida particularly exposed.
- **Wildfires are already a risk.** Western and southeastern states are most highly exposed to wildfire risk now. Sixteen counties in Oregon, Wyoming, Montana, Minnesota, and New Mexico see the greatest increase in exposure through 2050.
- **Sea level rise and river flooding is most severe in Louisiana.** The state has the greatest number of counties affected by sea level rise and river flooding to 2050 under the RCP8.5 scenario. Other states are also highly exposed. Without adaptation, entities will remain exposed to these hazards.

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