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S&P Medians And Credit Factors: Colorado Metropolitan Districts

Overview

Leading up to 2020, Colorado metropolitan districts had demonstrated overall positive credit quality for several years, supported by strong economic growth in the state, continued housing development, and lower debt ratios through good assessed value (AV) growth for several districts. However, the COVID-19 pandemic has introduced some uncertainty to the recently stable property tax collection history for districts created pursuant to the Colorado Special District Act (Title 32, Article 1).

Despite the recessionary impacts as a result of the pandemic, S&P Global Ratings expects the credit quality of Colorado metropolitan districts with tax rate flexibility and additional reserves to remain stable in the near term. For districts with limited-tax structures and little available reserves, a prolonged recession and decline in property tax collections could lead to downward rating pressure in the near term. In addition, should the trend of fluctuating oil prices in 2020 persist, there could be rating implications for districts with concentration in oil and gas.

According to U.S. Census Bureau population estimates, Colorado was the third-fastest-growing state in the nation from 2010 to 2019, with a cumulative population growth rate of 14.1% during that time. Metropolitan districts' responsibilities include both the construction of residential area improvements and the ongoing operation and maintenance of those improvements.

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28 Sep, 2020