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S&P U.S. Local Governments Credit Brief: Texas Municipal Utility Districts Means And Medians

Overview

Continued stability in Texas municipal utility district (MUD) credit quality is expected despite recessionary pressures. The inherent strengths of traditional market value growth patterns, debt issuance oversight, and rapid population growth across the state will likely contribute to stability of Texas MUDs across the portfolio.

S&P Global Ratings maintains general obligation (GO) ratings on 371 districts in Texas. Currently, 53.0% of those ratings are in the 'A' category, 42.0% in the 'BBB' category, and 4.8% in the 'AA' category. Upgrades outpaced downgrades in 2022, with 15 upgrades to just one downgrade (as of Oct. 13, 2022), but we anticipate this will slow given our view of a baseline case of recession..

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