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S&P U.S. Local Governments Credit Brief: Maryland Counties And Municipalities Means And Medians

Overview

Maryland county and municipality (or local government [LGs]) credit conditions remain stable and strong, in S&P Global Ratings' view, supported by robust economic growth, particularly associated with the Washington-Arlington-Alexandria and Baltimore-Columbia-Towson metropolitan statistical areas (MSAs), below-average unemployment, above-average wealth and income metrics, and typically very strong reserves.

S&P Global Ratings expects Maryland LGs' credit quality will remain stable over the next year. Management teams in Maryland generally adhere to formalized policies and procedures, supporting stability in financial performance. In addition, although a number of LGs in Maryland have coastal exposure from either the Atlantic Ocean, Chesapeake Bay, or the Potomac River, historically this risk has been mitigated by strong management teams with considerable resilience planning and policies.

Personal income in Maryland currently stands at $69,817 per capita or 109% of the national level, which is among the highest in the nation. In addition to generally strong economic conditions, Maryland counties and municipalities benefit from the lack of state restrictions on increasing property tax rates, providing significant revenue-raising flexibility.

S&P Global Ratings maintains credit ratings on 19 counties and 12 municipalities in the State of Maryland. All Maryland counties and more than 80% of the state's municipalities have high investment-grade ratings ('AA-' or above). In addition, 43% of Maryland LGs are rated 'AAA'. Since Jan. 1, 2022, there have been no upgrades or downgrades, demonstrating considerable stability in this sector. Two LGs were placed on CreditWatch with negative implications, one of which was due to lack of timely information, and remains on CreditWatch. We resolved the other CreditWatch placement by affirming the rating and assigning a stable outlook.

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