

Bond Case Briefs

Municipal Finance Law Since 1971

New York City, New York: Fitch New Issue Report

Revenue Framework: 'aa': New York City has a highly diverse revenue base that supports resilience to changes in economic conditions. Fitch expects revenue growth to range between long-term inflation and U.S. GDP with a return to at least pre-pandemic levels of personal and corporate income tax revenues and continued strength in residential real estate values offset by pressure on commercial growth in the medium term. The city has solid independent legal ability to adjust property tax rates and a variety of fees and charges to offset the modest revenue declines expected in a typical economic downturn. Rates for other important revenue sources (mainly income and sales taxes and state aid) are not within management's independent control. Expenditure Framework: 'a': Carrying costs are moderate, typically about 20% of governmental funds spending. Other than education-related employees, most labor contracts are subject to binding arbitration; however, the city has demonstrated adequate expenditure flexibility primarily through its control over employee headcount. Fitch expects long-term spending patterns to be above revenue growth excluding policy actions. Long-Term Liability Burden: 'a': Ongoing and substantial capital needs will be the primary driver of expected growth in the city's long-term liability burden to an elevated but still moderate level as the resource base expands. However, debt policies in place support maintenance of debt issuances within affordability levels. Reported NPLs will incorporate market volatility but the city is required to fully fund its actuarially determined contributions. Net unfunded OPEB liabilities represent close to 13% of personal income but annual costs are a moderate portion of the budget excluding periodic contributions above pay-as-you-go. Operating Performance: 'aaa': The 'aaa' assessment reflects a very strong gap-closing ability and the city's close budget monitoring and control, as demonstrated by its ability to maintain consistent balance and manage outyear gaps. A high level of inherent budgetary flexibility provides protection against typical economic and revenue volatility.

ACCESS REPORT

Thu 28 Sep, 2023