

Bond Case Briefs

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State of Illinois: Fitch New Issue Report

Dedicated Tax Key Rating Drivers Rating Linked to State IDR: Statutory and bond document provisions structurally protect dedicated revenues for the Build Illinois bonds from the state of Illinois' general operations, warranting a rating above the state's IDR. Fitch retains a linkage to the state IDR, because the bond security does not include a constitutional or voter-approved pledge of the state share of sales tax revenues and those revenues are not held in a closed loop for debt service. The linkage caps the rating below Fitch's assessment of the underlying credit quality of the debt structure. Two-Notch Distinction: The limited scope of the pledged revenue used for debt service, based on the additional bonds test leverage limitations for the senior and junior liens, and the statutorily defined, limited nature of the borrowing program support a rating two notches above the Illinois IDR. Robust Coverage and Resilience: Debt service coverage on both the senior and junior lien bonds from the state share of sales tax revenues (pledged revenues) is very high. Given the legal leverage limitations on the Build Illinois bonds, pledged revenues can sustain a significant level of decline and still maintain ample debt service coverage on all obligations. This is consistent with a 'aaa' assessment of resilience through moderate economic declines.

ACCESS REPORT

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