
Fitch Publishes US State Governments and Territories Criteria to Replace US Tax-Supported Criteria.

Fitch Ratings-New York-02 April 2024: Fitch Ratings has released its U.S. Public Finance State Governments and Territories Criteria, which replaces its U.S. Public Finance Tax-Supported Criteria from May 2021. Concurrently, Fitch has also released its U.S. Public Finance Local Government Rating Criteria.

The new criteria report sets out Fitch's methodology for assigning new ratings and monitoring existing ratings for debt issued by or on behalf of U.S. state governments and territories.

The key criteria elements remain consistent with those of the prior report. There is no effect on outstanding ratings.

Primary changes include:

–Elimination of references to local government credit analysis;
–Clarification that these criteria cover territories;
–Clarification of Fitch's analysis of linkage of ratings with the U.S. sovereign rating (including our general expectation that U.S. state government and territory ratings would be no more than three notches above the U.S. sovereign rating);
–Removal of the outdated pension contribution benchmark, which has become less useful;
–Changes approach for debt supported by an absolute and non-cancellable covenant to pay debt service to be consistent with the Issuer Default Rating, provided that revenues supporting the issuer's covenant to pay debt service are broad-based and controllable.

The updated criteria report is available at www.fitchratings.com.

Contact:

Eric Kim
Senior Director
+1-212-908-0241
Fitch Ratings, Inc.
300 West 57th St.
New York, NY 10019

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email: sandro.scenga@thefitchgroup.com

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