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State of Oklahoma (Oklahoma Capitol Improvement Authority): Fitch New Issue Report

The ‘AA–’ rating on the Oklahoma Capitol Improvement Authority’s state facilities revenue bonds is directly linked to the state’s ‘AA’ Long-Term Issuer Default Rating. The one-notch rating differential reflects a slightly elevated risk of non-appropriation of moneys sufficient to pay debt service on the bonds, given the optionality inherent in repayment of bonds from budgetary appropriations. Fitch expects that Oklahoma’s revenues, which are supported by broad-based taxes and fees, will continue to reflect above average economic volatility tied to the natural resource sector over the medium term. The state maintains ample expenditure flexibility with a low burden of carrying costs for liabilities and the broad expense-cutting ability common to most U.S. states. On a combined basis, the state’s debt and net pension liabilities are well below the median for U.S. states as a percentage of personal income and are a low burden on the resource base. A constitutional provision limiting appropriations to 95% of expected general revenue fund revenues provides a cushion for revenue variability, while the state’s proactive management of financial operations has, to some extent, offset underlying revenue volatility.

ACCESS REPORT

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