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S&P: Hurricanes Helene And Milton Add To U.S. Public Finance Issuers' Climate And Financial Challenges

Why this matters. Less than two weeks after Hurricane Helene made landfall along Florida's Big Bend as a Category 4 storm, Hurricane Milton came ashore near Sarasota, Fla., on Oct. 9, 2024, as a Category 3. While coastal residents in the Southeastern U.S. are accustomed to major storms during hurricane season, Helene in particular resulted in inland devastation that was significantly different. In some parts of Western North Carolina and Eastern Tennessee the effects of Helene from damaging winds and flooding are still being assessed weeks after the storm, and some local governments remain unable to quantify both the damage and repairs necessary. Hurricane Milton continued across Florida, leading to flooding and nearly 120 tornadoes that destroyed properties along the state's east coast.

What we think and why. In S&P Global Ratings' view, a shift to inland damage from where the storms make landfall could require greater storm preparedness in such areas, adding to the region's need for storm hardening. Although federal and state disaster relief funds may partly offset the expenditures, costs for infrastructure investments could require additional debt and pressure issuers' fixed costs. Furthermore, where damage to infrastructure and core services is catastrophic, or where property insurance becomes unaffordable or unavailable, some entities could see lasting declines in population and economic activity that impact revenue generation.

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