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Fitch Updates U.S. Public Sector, Revenue-Supported Entities Rating Criteria.

Fitch Ratings-Chicago/New York-10 January 2025: Fitch Ratings has updated its master criteria for rating public sector, revenue-supported entities. The criteria updates and replaces the criteria from January 2024.

This criteria report describes Fitch's methodology for assigning new ratings and monitoring existing ratings for U.S. public sector and not-for-profit entities that provide or support essential public or social services and activities and whose debt is intended to be repaid from the entity's own revenue and resources. Notable revisions that Fitch has made include:

- Confirmation that nonrecourse debt, or collection and repayment risk have effectively been transferred to a third party, and nonpayment would not result in a cross default or cross acceleration to an issuer's other outstanding debt, may be excluded from the calculation of debt metrics and leverage for analytical purposes;
- Confirmation that where factors are present that indicate an entity's financial profile may be higher or lower than suggested by the Rating Positioning Table, alternative operating, financial and liquidity metrics, as well as attribute assessments, may be considered in determining the financial profile assessment and rating.
- Inclusion of secondary coverage and liquidity metrics that may be used as additional guidance when assessing the credit quality and financial profile of entities where debt balances and leverage metrics are, or are expected to be, temporarily distorted, including as a result of an entity's capex profile and its position within the capital life cycle.
- Clarifications as to how Fitch assesses a Community Development Financial Institution's dependence on contributed income, and how such reliance impacts the operating risk assessment.

The key criteria elements remain consistent with those of the prior report. There is no impact on outstanding ratings. The previous version of the criteria has been retired.

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