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Fitch Places District of Columbia Ratings on Rating Watch Negative.

Fitch Ratings - San Francisco - 18 Mar 2025: Fitch Ratings has placed the ratings on the District of Columbia on Rating Watch Negative (RWN). A full list of rating actions and affected securities is below.

The RWN is driven by heightened uncertainty and execution risk created by enactment of a federal government continuing resolution (CR, House Resolution 1968) that funds the federal government through the end of the fiscal year (September 30) and also reverts the District's local funds spending authority to fiscal 2024 levels, necessitating spending cuts that could reach \$1.1 billion (approximately 16% of the unexpended local budget appropriations) through the remainder of fiscal 2025 (ending September 30).

Required actions to comply with the CR may be difficult to implement in a relatively short amount of time, and the consequences of a failure to comply with the CR are uncertain. Importantly, the required significant cuts are occurring amidst an economic environment buffeted by material federal workforce reductions. District management reports that the CR does not directly impinge on its ability to collect revenues or its ability to make full and timely payment of debt service on outstanding obligations.

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