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S&P U.S. Public Finance Report Card: With A New Surface Transportation Act Looming, GARVEE Ratings Remain Stable

Key Takeaways

- The U.S. House Committee on Transportation & Infrastructure recently introduced a bipartisan, five-year reauthorization bill, the Building Unrivaled Infrastructure and Long-Term Development for America's 250th (BUILD America 250) Act, to replace its predecessor, the Infrastructure Investment and Jobs Act (IJIA, also known as the Bipartisan Infrastructure Law [BIL]), which expires Sept. 30, 2026.
- The longstanding Federal-Aid Highway and Federal Transit Programs are part of the surface transportation law and are nationally significant, providing formula and discretionary grant funding to transportation departments in 25 states and territories, which we believe U.S. federal agencies will continue in the future.
- Many grant anticipation revenue vehicle (GARVEE) issuers rated by S&P Global Ratings have contingency plans if, for any reason, federal funding is unavailable in the near term, and most have robust liquidity and coverage in the event of delays or rescissions.
- Our analysis of key GARVEE sector financial metrics for fiscal 2025 shows continued stability among rated issuers, with median maximum annual debt service (MADS) coverage of 11.4x, combined with limited near-term plans for debt issuance, which supports our stable outlook for the sector.

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