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Fitch Rates Connecticut's \$1.6B STO Bonds 'AA'; Outlook Stable

Fitch Ratings - San Francisco - 13 Nov 2025: Fitch Ratings has assigned a 'AA' rating to the State of Connecticut's \$1.56 billion special tax obligation (STO) bonds transportation infrastructure purposes 2025 series A.

The bonds are expected to sell via competitive sale on or around Dec. 3, 2025.

In addition, Fitch has affirmed the outstanding STO bonds at 'AA'.

The Rating Outlook is Stable.

Connecticut's 'AA' STO bond rating reflects superior resiliency of the financing structure, the state's active management of special transportation fund (STF) revenues, and slow underlying growth prospects for Connecticut's transportation revenues that are in line with other states. All outstanding STO bonds carry a senior lien.

The rating on the STO bonds remains capped at Connecticut's 'AA' Issuer Default Rating (IDR) due to the state's ability to statutorily adjust the rates and distribution of pledged taxes and fees.

Dedicated Tax Security

The STO bonds are backed by a gross lien on transportation-related revenues and other pledged receipts deposited to the STF, prior to any other use. The largest pledged revenue sources include a portion of statewide general and motor vehicle retail sales and use taxes, the state's motor fuels tax, a tax on the gross earnings of oil companies, and motor vehicle registration receipts. Funds deposited into the STF may not be withdrawn from the fund, except to pay debt service on STO bonds and must be spent on transportation-related expenses.

Dedicated Tax Key Rating Drivers

Growth Prospects for Revenues - 'a'

Growth Prospects Slow: Slow underlying growth prospects for transportation-related revenues pledged to the bonds are similar to those of other states and the pledge of a portion of statewide sales taxes adds diversity, supporting Fitch's expectation for pledged revenue growth in line with inflation over time and an 'a' growth prospects assessment. Fitch expects continued active state management of pledged revenues to augment the state's resources for transportation capital and operating needs.

Sensitivity and Resilience - 'aaa'

Leverage Limits and High Resiliency: Receipts are economically sensitive and subject to legislative adjustments. However, pledged revenues can absorb a sizable decline and still provide sufficient coverage of debt service, supporting an 'aaa' assessment for resilience. A 2x maximum annual debt service (MADS) additional bonds test (ABT) provides a strong cushion for bondholders in the event of cyclical declines.

Exposure To Related Government

Rating Capped by State IDR: The credit is exposed to Connecticut's operating performance given the state's ability and demonstrated willingness to alter the flow of revenues to the transportation fund. There is no appropriation risk associated with the security. This interdependence caps the STO rating at the state's 'AA' IDR.

Dedicated Tax Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A sustained erosion in pledged receipts or state actions that reduce pledged revenues to the STF or otherwise reduce the resilience of the structure with coverage of maximum anticipated leverage falling closer to, or below, 1.5x over time.
- A downgrade of Connecticut's IDR, given that the rating on STO bonds is capped by the state's IDR.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- An upgrade of Connecticut's IDR, coupled with maintenance of resilience and revenue growth prospects, absent state actions, in line with Fitch's current expectations.

PROFILE

Connecticut's economy is anchored by several key sectors. These include sophisticated defense-related manufacturing, finance, insurance, , and health and education institutions. Tourism, linked in part to Native American gaming in the southeast, also plays an important role.

Population growth in Connecticut, as with much of the Northeast, has been well below the U.S. average in recent decades. Census data for 2024 indicates a modest 2.8% uptick since the 2010 census, stronger than recent annual estimates but below the rates of several neighboring states and the nation overall.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

Fitch does not provide ESG relevance scores for Connecticut, State of (CT) [General Government].

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Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Connecticut, State of (CT) [General Government]			
• Connecticut,	AA 	Affirmed	AA 

ENTITY/DEBT	RATING	RECOVERY	PRIOR
State of (CT) /Special Tax Oblig Trans Infr/ 1 LT			

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◊
NEGATIVE	⊖	◊
EVOLVING	◊	◆
STABLE	◻	

Applicable Criteria

[U.S. Public Finance State Governments and Territories Rating Criteria \(pub.04 Feb 2025\)](#)
(including rating assumption sensitivity)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

FAST Econometric API - Fitch Analytical Stress Test Model, v3.1.1 [\(1\)](#)

Additional Disclosures

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Endorsement Status

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