

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aa2 to Connecticut's Special Tax Obligation Bonds; outlook stable

21 May 2026

New York, May 21, 2026 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to State of Connecticut's proposed \$439 million Special Tax Obligation (STO) Refunding Bonds, Transportation Infrastructure Purposes, 2026 Series A. We maintain the state's Aa2 issuer rating and the Aa2 rating on the state's \$7.6 billion of outstanding STO bonds. The outlook is stable.

RATINGS RATIONALE

The Aa2 rating on the senior lien special tax obligation bonds is the same as the State of Connecticut's issuer rating. The rating reflects the broad, state-wide base from which a diversified stream of revenue is generated and the role of the state in supporting the bond payments, inclusive of a state covenant to provide pledged revenue in each year equal to at least two times debt service. Pledged revenue is projected to generate debt service coverage of 2.6x in fiscal 2026, and remain above 2x over the next several years. The rating also recognizes strong legal covenants, including a two times additional bonds test and a constitutional lockbox on pledged funds.

RATING OUTLOOK

Connecticut's stable outlook reflects the expectation that the state will remain committed to the fiscal guardrails in place, ensuring continued structural balance, healthy rainy day reserves and aggressive pay-down of pension liabilities.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Upgrade of state's issuer rating

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Downgrade of the state's issuer rating
- Significant decline in pledged revenue and debt service coverage

PROFILE

The State of Connecticut has a population of 3.7 million people, and is located in the coastal northeastern US, bordered by Rhode Island (Aa2 stable), Massachusetts (Aa1 stable) and New York State (Aa1 stable) with 618 miles of shoreline, according to the National Oceanic and Atmospheric Administration (NOAA). The state has a large and diverse economy with a real GDP (2017 USD) of \$293 billion in 2025. It is the second wealthiest state in the country with an RPP-adjusted per capita income of over 125% of the US average.

METHODOLOGY

The principal methodology used in this rating was US States and Territories published in December 2025 and available at <https://ratings.moodys.com/rmc-documents/455987>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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