

RatingsDirect®

Summary:

Howard County, Maryland; General Obligation

Primary Credit Analyst:

Timothy W Barrett, Washington D.C. + 1 (202) 942 8711; timothy.barrett@spglobal.com

Secondary Contact:

Kaiti Vartholomaios, New York + 1(212) 438 0866; kaiti.vartholomaios@spglobal.com

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Credit Profile

US\$28.245 mil cons pub imp rfdg bn ds ser 2025 C due 02/15/2030

Long Term Rating

AAA/Stable

New

Credit Highlights

- S&P Global Ratings assigned its 'AAA' rating to Howard County, Md.'s approximately \$28.2 million series 2025C consolidated public improvement refunding general obligation (GO) bonds, based on the application of its "Methodology For Rating U.S. Governments" criteria, published Sept. 9, 2024.
- The outlook is stable.

Security

The county's full-faith-and-credit pledge and unlimited taxing power secures the series 2025C GO bonds.

We understand proceeds from the series 2025C consolidated public improvement refunding GO bonds will be used to refund previously issued debt for interest rate savings.

Credit overview

The county is a desirable, affluent community, with a very strong economy supported by a well-educated population, wealthy property tax base, and high household incomes, and with access to the Baltimore and Washington metropolitan statistical areas (MSAs). In our opinion, these factors, along with surplus financial operations and very strong management, including comprehensive policies and practices, have allowed the county to weather economic downturns and underpin the 'AAA' rating.

Although we believe the county has some exposure to potential federal funding freezes or cuts, which could equate to reduced operating revenue, we believe management is well positioned to effectively mitigate the effects of any such cuts through budget adjustments. We believe Howard County remains committed to maintaining balanced budgets using conservative assumptions while adhering to its many formal fiscal policies. In addition, in our view, costs related to long-term liabilities, although growing, remain affordable, particularly given the county's large and wealthy tax base and management's strong planning for current and future challenges.

In our opinion, the rating reflects Howard County's:

- Robust, affluent, and growing economic base directly tied into the Baltimore and Washington, D.C. MSA employment bases, including extremely strong income levels compared to the national average, which we believe to be a credit strength;
- Historically sturdy financial position, with robust available general fund reserves that should remain robust despite the county's planned use of reserves in fiscal 2025 for one-time capital purposes;

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- Comprehensive financial policies and practices, with formal and well-adhered-to fiscal policies highlighted by conservative budgeting and detailed long-term financial and capital planning;
- Increasing but manageable overall fixed costs, which we do not expect will pressure finances in the near term despite ongoing substantial capital needs, given the county's adherence to a formal debt management policy, robust capital planning, and well-funded retirement plans; and
- For more information on our institutional framework assessment for Maryland counties, see "Institutional Framework Assessment: Maryland Local Governments," published Sept. 9, 2024, on RatingsDirect.

Environmental, social, and governance

We consider the county's social and governance factors neutral within our credit rating analysis. Environmentally, although Ellicott City, a community within the county, has faced severe flooding in recent years, Howard County has implemented initiatives to reduce inland flooding, including implementing the Ellicott City Safe and Sound Plan, which seeks to create long-term flood mitigation in the Tiber Branch watershed.

Ratings above the sovereign

Howard County's GO debt is eligible to be rated above the sovereign because we believe the county can maintain better credit characteristics than the nation in a stress scenario. Under our criteria, titled "Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions" (published Nov. 19, 2013), Howard County has a predominantly locally derived revenue source, with property taxes and income taxes generating the vast majority of general fund revenue, coupled with an independent taxing authority and independent treasury management from the federal government.

Outlook

The stable outlook reflects the county's historical ability to maintain robust reserves and surplus financial operations, supported by a dynamic economy and comprehensive management policies.

Downside scenario

Although we view this as unlikely, if Howard County were to face significant fiscal pressures either from increased fixed or operating costs or from potential federal funding cuts, such that available reserves drop to levels no longer commensurate with those of similarly rated peers, with no plans to rebuild in a timely manner, we could take a negative rating action.

(For more information on the county's creditworthiness, please see our report published on Feb. 19, 2025.)

Table 1

Howard County, Maryland--Credit summary	
Institutional framework (IF)	1
Individual credit profile (ICP)	1.80
Economy	1.0
Financial performance	2
Reserves and liquidity	1
Management	1.00

Table 1

Howard County, Maryland--Credit summary (cont.)

Debt and liabilities	4.00
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Table 2

Howard County, Maryland--Key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	132	132	132
County PCPI % of U.S.	--	136	136	136
Market value (\$000s)	--	64,022,945	60,941,835	58,900,042
Market value per capita (\$)	--	190,498	181,330	172,814
Top 10 taxpayers % of taxable value	--	3.0	3.1	3.0
County unemployment rate (%)	--	2.4	1.7	2.4
Local median household EBI % of U.S.	--	162	162	154
Local per capita EBI % of U.S.	--	157	157	156
Local population	--	336,082	336,082	340,829
Financial performance				
Operating fund revenues (\$000s)	--	1,385,186	1,416,492	1,309,412
Operating fund expenditures (\$000s)	--	1,378,482	1,334,148	1,233,466
Net transfers and other adjustments (\$000s)	--	(25,814)	--	--
Operating result (\$000s)	--	(19,110)	82,344	75,946
Operating result % of revenues	--	(1.4)	5.8	5.8
Operating result three-year average %	--	3.4	7.2	7.2
Reserves and liquidity				
Available reserves % of operating revenues	--	27.4	34.2	28.6
Available reserves (\$000s)	--	380,087	484,986	374,147
Debt and liabilities				
Debt service cost % of revenues	--	9.9	9.2	9.2
Net direct debt per capita (\$)	5,688	5,474	5,416	5,414
Net direct debt (\$000s)	1,911,752	1,839,591	1,820,073	1,845,212
Direct debt 10-year amortization (%)	61	64	--	--
Pension and OPEB cost % of revenues	--	6.0	5.0	5.0
NPLs per capita (\$)	--	991	716	609
Combined NPLs (\$000s)	--	333,173	240,515	207,415

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures.

GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

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