

27 MAY 2026

## Fitch Rates Massachusetts' \$984 Million GO Bonds 'AA+'; Outlook Stable

Fitch Ratings - New York - 27 May 2026: Fitch Ratings has assigned 'AA+' ratings to the following Commonwealth of Massachusetts general obligation (GO) bonds consolidated loans of 2026:

--\$750 million series D;

--\$233.8 million refunding series B.

The Rating Outlook is Stable.

Massachusetts' 'AA+' Long-Term Issuer Default Rating (IDR) reflects its considerable economic resources, effective management of economic and revenue cyclicalities, and strong budget controls. The commonwealth's long-term liability burden remains well above the U.S. state median but represents a moderate burden on resources.

### SECURITY

The GO bonds are general obligations of the commonwealth to which its full faith and credit are pledged. Debt service is not excluded from a statutory state tax revenue growth limit, but Fitch views any potential impairment of debt service as highly unlikely.

### KEY RATING DRIVERS

#### Revenue Framework - 'aaa'

Tax revenues are diverse but dominated by individual income taxes, which are sensitive to economic conditions, particularly the components related to capital gains. Baseline growth prospects for tax revenues are strong and expected to match national GDP, driven by the commonwealth's diverse underlying economy, which includes a significant knowledge-based industry component.

#### Expenditure Framework - 'aaa'

Like most states, Massachusetts' natural pace of spending growth is likely to slightly exceed expected revenue growth over time, requiring ongoing cost control. The commonwealth has ample ability to reduce spending through the economic cycle.

#### Long-Term Liability Burden - 'aa'

Long-term liability levels in Massachusetts, while comparatively high for a U.S. state, are a moderate

burden on resources. The commonwealth's above-average liability position is partly the result of state funding of both capital needs and pensions that are more commonly funded at the local level in other states, primarily for K-12 education.

### **Operating Performance - 'aaa'**

The commonwealth has superior gap-closing capacity, supported by conservative budgeting, ongoing fiscal monitoring and a requirement to cut spending in response to emerging revenue gaps. Its gap-closing capacity is also supported by a funding mechanism that redirects a portion of economically sensitive capital gains tax receipts into the stabilization fund, which functions as the commonwealth's rainy-day fund.

### **RATING SENSITIVITIES**

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

- A slowing of economic growth that signals the commonwealth's revenue growth prospects will trail national economic growth, closer to the long-term inflation rate;
- Rapid growth in spending demands, particularly for fixed costs such as pension liabilities, that weaken Massachusetts' expenditure flexibility and historically strong operating performance;
- An increase in long-term liabilities, resulting in a liability burden that consistently exceeds 20% of personal income.

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

- Continued efforts to maintain structural balance during periods of economic growth, particularly in light of elevated carrying costs given ongoing pension funding demands and capital plans, and/or preservation of reserves at or near current levels, could lead to improvement in Fitch's assessment of budget management;
- A sustained reduction in the long-term liability burden closer to or below 10% of personal income, accompanied by a reduction in carrying costs.

### **PROFILE**

Massachusetts has a broad and wealthy economy. Education levels are high and population growth strong for the Northeast region. Strong healthcare, technology and education sectors have helped align GDP growth with the nation's and position the commonwealth for solid future gains.

### **Date of Relevant Committee**

03-Apr-2026

### **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.

## **Climate Vulnerability Signals**

The results of our Climate.VS screener did not indicate an elevated risk for Massachusetts.

## **ESG Considerations**

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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# Rating Actions

| ENTITY/DEBT  | RATING | RECOVERY | PRIOR |
|--|--------|----------|-------|
| Massachusetts,<br>Commonwealth<br>of (MA)<br>[General<br>Government] |        |          |       |

- |  |     |          |     |
|--|-----|----------|-----|
| Massachusetts,<br>Commonwealth<br>of<br>(MA)<br>/General<br>Obligation <sup>LT</sup> | AA+ | Affirmed | AA+ |
| -<br>Unlimited<br>Tax/<br>1 LT   |     |          |     |

## RATINGS KEY OUTLOOK WATCH

|          |  |  |
|----------|--|--|
| POSITIVE |  |  |
| NEGATIVE |  |  |
| EVOLVING |  |  |
| STABLE   |  |  |

## Applicable Criteria

[U.S. Public Finance State Governments and Territories Rating Criteria: Effective Feb. 4, 2025 to May 1, 2025 \(pub.04 Feb 2025\) \(including rating assumption sensitivity\)](#)

## 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

### Solicitation Status

### Endorsement Status

Massachusetts, Commonwealth Of (MA) EU Endorsed, UK Endorsed

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