

# Commonwealth of Massachusetts – Grant Anticipation Notes (GANs)

## ANALYTICAL CONTACTS

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## METHODOLOGY

[Public Finance: U.S. Special  
Tax Revenue Bond Rating  
Methodology](#)

## Ratings

| Description                                             | Rating Action | Rating/Outlook |
|---------------------------------------------------------|---------------|----------------|
| <b>Issuer: Commonwealth of Massachusetts</b>            |               |                |
| Federal Highway Grant Anticipation Notes, 2026 Series A | Assigned      | AAA/Stable     |

## Rating Summary

The long-term rating for the Commonwealth of Massachusetts' (the Commonwealth's) Federal Highway Grant Anticipation Notes (GANs) reflects the dual-source nature of the security pledge, consisting primarily of certain federal reimbursements and, in the event of insufficiency, pledged Commonwealth revenues. The rating incorporates the long and consistent history of timely federal reimbursements, as well as the breadth and diversity of Commonwealth revenues pledged as a backup source of payment. Also reflected are conservative additional bonds provisions and strong legal protections that insulate pledged revenues from the Commonwealth's operations. The Commonwealth's strong underlying socioeconomic metrics further support the rating. Credit risks are minimal.

The currently offered GANs are the first series to be issued under a new trust agreement that continues the Commonwealth's longstanding use of residual transportation-related revenues as a backup source of payment, while expanding the pledge to include residual amounts from a statutory allocation from the Commonwealth's income surcharge on high earners. The pledged transportation-related Commonwealth revenues are available only after satisfaction of prior lien obligations of the Commonwealth Transportation Fund Revenue Bond (CTF Bond) and Dedicated Transportation Revenue Bond (DTR Bond) programs, as applicable. KBRA's ratings on both prior lien credits can be found [here](#).

The GANs are special limited obligations of the Commonwealth payable from sources identified in the GANs Trust Agreement, consisting primarily of: (i) a first lien pledge of Federal-Aid Highway Reimbursements (FHRs); and, in the event such reimbursements are insufficient, (ii) a residual pledge of the \$550 million annual dedication of proceeds from the Commonwealth's 4% surtax on annual taxable income over \$1 million, adjusted for inflation (the Dedicated Transportation Income Surtax Revenue Amount, or DTISRA), subject to the prior lien securing the DTR Bonds; and (iii) residual motor fuels tax (MFT) and license and registration fee (RMV) revenues, subject to the prior liens securing the CTF and DTR Bonds. Proceeds of the GANs will finance construction, reconstruction, resurfacing, repair and improvement of bridges, approaches and related infrastructure and pay costs of issuance.

The GANs are supported by strong legal provisions. FHR availability is subject to federal authorization and appropriation, but such amounts upon receipt may be applied to GAN debt service without Commonwealth appropriation. In contrast, use of pledged Commonwealth revenues under the backup pledge is subject to annual appropriation, but the risk of non-appropriation is substantially mitigated by statutory and contractual



non-diversion provisions that prohibit pledged Commonwealth revenues needed for GAN debt service from being applied to other uses until the required appropriation has been made. If the backup pledge is triggered, pledged Commonwealth revenues are accumulated monthly at one-fifth of interest and one-tenth of principal. Additional GANs may only be issued if each of FHRs and pledged Commonwealth revenues independently provides at least 2.0x pro forma GAN MADS coverage, effectively requiring aggregate resources equal to at least 4.0x MADS.

The FHRs supporting the GANs accrue as the Commonwealth advances capital project costs and bills the Federal Highway Administration (FHWA), generally on a weekly basis, with reimbursement typically received within four days. Each October, the Commonwealth Treasurer delivers a Statement of Available Revenues (SAR) projecting the level of current-year FHRs and following-year GAN obligations. If projected reimbursements are sufficient to cover 100% of following-year obligations, receipts remain available to the Commonwealth until the debt service funding trigger date, which is the earlier of June 15 or the date remaining projected reimbursements equal the following year obligations, at which point sufficient reimbursements are transferred to the GANs Trustee to fund the following federal fiscal year's debt service requirements. This flow of funds effectively results in the Commonwealth funding the December debt service payment about six months and the June payment about one year in advance. If projected reimbursements are insufficient, the SAR triggers the pledged Commonwealth revenue backstop and related appropriation process.

FHRs increased at a 6.6% compound annual rate over the last decade through FY 2026, but receipts in any given year depend on the level appropriated by the U.S. Congress and the level of receipts in future years is uncertain. The last five-year federal surface transportation authorization ended in the federal fiscal year ended September 30, 2026. Funding has temporarily been extended through December 11, 2026, at a prorated level based on FY 2026 receipts. The level of funding to be awarded thereafter is unknown. FHR's in FY 2026 comprised 39% of total pledged FHR's and Commonwealth revenues.

The pledged Commonwealth revenues comprising the backup source of payment are broad and diverse in nature. The \$550 million DTISRA is a statutory allocation derived from the income surtax and comprised 18% of pro forma pledged FHRs and Commonwealth revenues available to aggregate CTF, DTR, and GAN obligations in FY 2026. The income surtax has been collected since FY 2023 and has grown every year, though receipts are likely to be somewhat volatile over time given that capital gains comprise a large share of this tax base. The DTISRA distribution will be second in payment priority to a Dedicated Higher Education Income Surtax Revenue Amount (DHEISRA), meaning that surtax receipts allocable to the DTISRA will not flow each fiscal year until this prior allocation is fully satisfied. While the DHEISRA has not yet been established statutorily, KBRA understands that annual deposits prior to the DTISRA are not currently expected to exceed \$150 million. However, even assuming a \$150 million DHEISRA, annual surtax receipts would need to decline by more than 79% from the actual FY 2026 level before causing a shortfall in amounts available to fully fund the DTISRA which provides an exceptionally large cushion. Additional pledged Commonwealth revenues have much lower correlation with capital market returns and relatively low historic volatility. MFT revenues derive from various motor fuel taxes and comprised 23% of pledged FHRs and Commonwealth revenues while RMV revenues consist of various motor vehicle registration and license fees and comprised 20%.

FHRs of \$1.20 billion in FY 2026 provided broad pro forma MADS (FY 2031) coverage of the GANs at 48.83x. Pro forma pledged Commonwealth revenues of \$1.88 billion provided pro forma MADS (FY 2028) coverage of combined CTF and DTR Bonds of 5.90x and combined CTF, DTR, and GANs obligations (FY 2031) of 5.48x.

The Commonwealth's economic base, from which the pledged Commonwealth receipts are derived, is characterized by stable demographics and strong per capita income. Per capita income in 2025 was 128% of the national average. Its economy is broad, demonstrably resilient, and diverse. Massachusetts is home to 13 Fortune 500 companies as of 2026, reflecting its status as a major center of commerce. It is the most populous state in New England and home to the majority of the Boston-Cambridge-Newton, MA-NH metropolitan statistical area (Boston Metro), which is the 11th most populous urbanized area in the Nation.

The Stable Outlook reflects KBRA's expectation that FHRs and pledged Commonwealth revenues will provide strong debt service coverage, supported by the breadth and resilience of the underlying revenue base, conservative leverage constraints, and robust legal protections.



## Key Credit Considerations

The rating was assigned because of the following key credit considerations:

### Credit Positives

- The GAN structure benefits from a clearly defined Commonwealth revenue backstop that supplements FHRs and provides strong dual-source security.
- Pledged Commonwealth revenues are broad, resilient, and benefit from the strong diversity, wealth, and growth of the underlying economy.
- Additional bonds test is conservative relative to the volatility of pledged repayment sources.
- Legal protections insulate bondholders from the Commonwealth's operating budget by requiring that pledged Commonwealth revenues must be used to pay debt service before being made available for any other purpose.

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### Credit Challenges

- The Legislature retains the ability to increase the DHEISRA or establish additional senior statutory allocations, which could reduce the cushion between total surtax collections and the \$550 million DTISRA. This risk is mitigated by the Commonwealth's covenant not to reduce the DTISRA below the current level while DTR Bonds remain outstanding and by its broader non-impairment covenant.

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## Rating Sensitivities

- Not applicable.

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- While unlikely, a substantial and sustained decline in pledged Commonwealth revenues and debt service coverage.

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## Key Ratios

| Commonwealth of Massachusetts - Grant Anticipation Notes (GANs) |         |         |         |         |         |
|-----------------------------------------------------------------|---------|---------|---------|---------|---------|
| FYE June 30 (dollars in millions)                               |         |         |         |         |         |
|                                                                 | 2022    | 2023    | 2024    | 2025    | 2026    |
| <b>Pledged Funds</b>                                            |         |         |         |         |         |
| Dedicated Transportation Income Surtax Revenue Amount (DTISRA)  | \$ -    | \$ -    | \$ -    | \$ -    | \$550   |
| Motor Fuels Tax (MFT)                                           | \$721   | \$700   | \$711   | \$705   | \$703   |
| License and Registration Fee (RMV)                              | \$599   | \$601   | \$639   | \$635   | \$622   |
| Pledged Commonwealth Revenues                                   | \$1,320 | \$1,301 | \$1,350 | \$1,340 | \$1,875 |
| Federal Highway Reimbursements                                  | \$882   | \$880   | \$1,405 | \$1,139 | \$1,201 |
| <b>Coverage from Pledged Commonwealth Revenues</b>              |         |         |         |         |         |
| CTF + DTR + GANs MADS (Pro Forma, FY 2031)                      |         |         |         |         | 342     |
| Coverage                                                        |         |         |         |         | 5.48x   |
| <b>Coverage from Federal Highway Reimbursements</b>             |         |         |         |         |         |
| GANs MADS (Pro Forma, FY 2031)                                  |         |         |         |         | \$25    |
| Coverage                                                        |         |         |         |         | 48.83x  |
| <b>Economic Base and Demographics</b>                           |         |         |         |         |         |
| Per Capita Income as % of US (2025)                             |         |         |         |         | 128%    |
| Population Growth (10-Yr CAGR through 2025)                     |         |         |         |         |         |
| MA                                                              |         |         |         |         | 0.41%   |
| US                                                              |         |         |         |         | 0.60%   |
| Real Gross State Product (10-Yr CAGR through 2025)              |         |         |         |         |         |
| MA                                                              |         |         |         |         | 2.22%   |
| US                                                              |         |         |         |         | 2.45%   |
| Unemployment Rate, August 2026 (SA)                             |         |         |         |         |         |
| MA                                                              |         |         |         |         | 4.3%    |
| US                                                              |         |         |         |         | 4.2%    |

## Rating Determinants

| Rating Determinants (RD)          |     |
|-----------------------------------|-----|
| 1. Legal Framework                | AAA |
| 2. Nature of Special Tax Revenues | AAA |
| 3. Economic Base and Demographics | AAA |
| 4. Revenue Analysis               | AA  |
| 5. Coverage and Bond Structure    | AAA |



## RD 1: Legal Framework

KBRA views the legal framework supporting the GANs as strong based on dual-source nature of the security pledge, clearly established lien priorities and conservative additional bonds tests.

### Nature and Strength of the Pledge

The GANs are special limited obligations secured primarily by Federal Highway Reimbursements (FHRs) and, in the event of insufficiency, by a backup pledge of Pledged Commonwealth Revenues. The backup pledge consists of the \$550 million annual DTISRA, subject to the prior lien of the DTR Bonds, and residual MFT and RMV receipts available after payment of both CTF and DTR obligations. KBRA views the dual-source security as strong given the distinct nature of the federal and Commonwealth revenue streams and substantial coverage provided by each source.

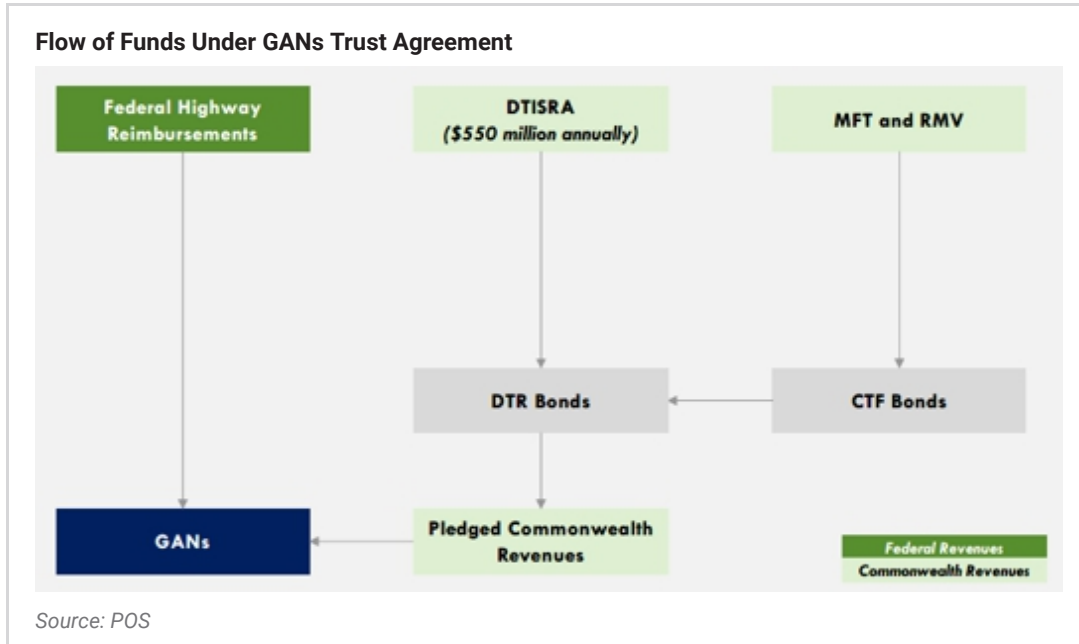
### Bondholder Protections

Bondholder protections include non-diversion and non-impairment provisions applicable to both FHRs and the pledged Commonwealth revenue backstop. FHRs may not be diverted and pledged Commonwealth revenues needed for GAN debt service may not be applied to other uses until the required appropriation has been made.

### Lien Structure

Lien priorities are clearly established. FHRs are pledged solely to the GANs once received by the Commonwealth. MFT and RMV receipts flow first to CTF Bonds, then DTR Bonds, and finally GANs. The DTISRA is pledged first to the DTR Bonds and secondarily to the GANs.

Figure 1:



### Timing of Deposits

GAN debt service is substantially prefunded. Each October, the Treasurer delivers a SAR projecting FHRs, current funding deficiencies, and trust agreement obligations due in the following fiscal year. The SAR is revised for material changes in projected receipts or obligations. If projected FHRs are sufficient, the June 15 debt service payment is generally funded one year in advance and the December 15 payment six months in advance.



If FHRs are projected to be insufficient, the SAR triggers the pledged Commonwealth revenue backstop and related appropriation process, with such funds subject to debt service set-asides equal to one-fifth of interest and one-tenth of principal.

## **Debt Service Reserve Fund**

The GANs do not feature a debt service reserve requirement.

## **Additional Bonds Test**

GANs require each of FHRs and pledged Commonwealth revenues to independently provide at least 2.0x pro forma GANs MADS coverage, effectively requiring a minimum of 4.0x combined resources.

KBRA views the clearly defined lien structure, restrictive ABTs, advance debt service funding, and statutory and contractual protections as providing a strong legal framework for the GANs.

## **RD 2: Nature of Special Tax Revenues**

The FHRs that constitute the first source of repayment for the GANs are somewhat narrow in nature deriving from federal appropriation, but this is additive to the credit given the dual-source payment security applicable to this obligation. The pledged Commonwealth revenues that comprise the payment backstop are derived from a broad, diversified and essential statewide base.

### **Federal Highway Reimbursements (FHR)**

FHRs consist of reimbursements received by the Commonwealth from the federal government for the federal share of eligible expenditures on approved highway projects under the Federal-Aid Highway Program. The level of reimbursements is driven by federal funding apportioned to Massachusetts, available obligation authority, and the pace of eligible project spending. Current-year obligation authority together with prior-year amounts previously obligated but not yet expended determines the amount of federal assistance available over time.

The Commonwealth advances project costs and generally submits reimbursement requests to FHWA weekly, with payment typically received within four days. FHRs constitute the primary source of repayment for the GANs, supplemented by the pledged Commonwealth revenue backstop if federal receipts are insufficient.

### **Dedicated Transportation Income Surplus Revenue Amount (DTISRA)**

The DTISRA consists of a \$550 million annual statutory allocation of income surplus revenues and is pledged to the GANs, on a subordinate basis to the DTR Bonds, in the event that the FHRs identified as the primary source of repayment are insufficient. Income surplus revenues are derived from the Commonwealth's 4% surplus on personal taxable income above \$1 million, with the threshold adjusted annually for inflation (\$1,107,750 for tax year 2026). The income surcharge is collected and certified four times a year by the Department of Revenue (DOR) and transferred in statutory priority order, including deposit of the DTISRA into the CTF.

The DTISRA revenue base is statewide but concentrated among high income taxpayers and the capital gains component of income, and may therefore exhibit sensitivity to income and capital-market volatility. The fixed \$550 million DTISRA is funded after the DHEISRA in the statutory distribution waterfall.

### **Motor Fuels Tax (MFT) and License and Registration Fees (RMV)**

Residual MFT and RMV revenues are pledged to payment of the GANs, subject to the prior liens securing the CTF and DTR Bonds, in the event that the FHRs identified as the primary source of repayment are insufficient.

MFT receipts derive from a: gasoline tax of \$0.24 per gallon; special fuels tax of \$0.24 per gallon and 19.1% of the average price per gallon of liquified gas; and, motor carrier tax of \$0.24 per gallon of gasoline and special fuels



acquired outside and used within the Commonwealth. The MFT tax rates have been unchanged since 2013. The MFT is collected by the DOR monthly and credited to the CTF upon receipt.

RMV receipts derive from motor vehicle registration fees, motor vehicle license fees, and miscellaneous fees relating to the operation and use of motor vehicles. RMV fees are administratively set or amended by the Secretary of Administration and Finance who determines fee amounts after a public hearing. The RMV is collected by the Registry of Motor Vehicles and swept daily into the CTF.

## RD 3: Economic Base and Demographics

The Commonwealth's economic base from which the pledged Commonwealth revenues are derived, is characterized by favorable socioeconomic characteristics including a growing population and per capita income at 128% the national average. Its economy is broad, demonstrably resilient, and diverse. Massachusetts is home to 13 Fortune 500 companies as of 2026 reflecting its status as a major center of commerce. It is the most populous state in New England and home to a majority of the Boston-Cambridge-Newton, MA-NH metropolitan statistical area which is the 11th most populous urbanized area in the Nation.

### Population Trend

The Commonwealth's population growth trend is moderate. Population increased at a 0.41% compound annual rate over the ten-year period ended in 2025 compared to U.S. growth at a 0.60% compound annual rate.

### Personal Income Per Capita and Poverty

Commonwealth personal income per capita is strong at \$97,456 in 2025, which is 128% of the national average. The incidence of poverty at 9.7% as of 2024 is below the U.S. level of 12.1%.

### Unemployment Rate

The Commonwealth's seasonally adjusted unemployment is closely in line with that of the U.S. overall.

Figure 2

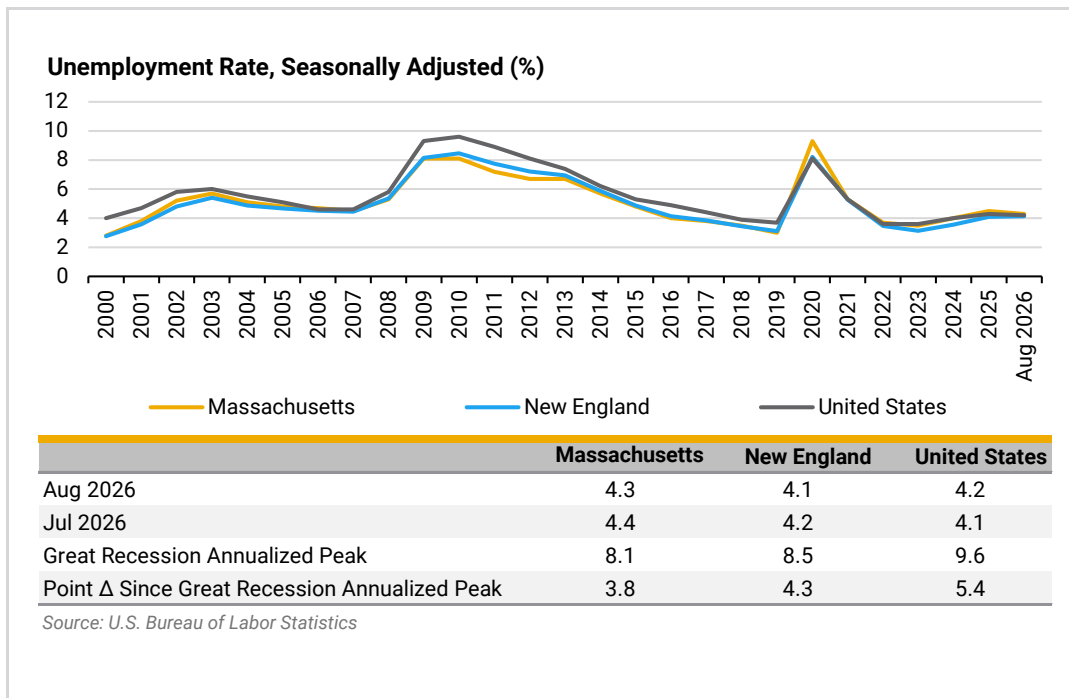




Figure 3

| Total Employment                     |               |       |             |       |               |       |
|--------------------------------------|---------------|-------|-------------|-------|---------------|-------|
| (Seasonally Adjusted) (in thousands) |               |       |             |       |               |       |
|                                      | Massachusetts | Δ(%)  | New England | Δ(%)  | United States | Δ(%)  |
| 2000                                 | 3,242         |       | 7,137       |       | 136,891       |       |
| 2001                                 | 3,253         | 0.3%  | 7,118       | -0.3% | 136,933       | 0.0%  |
| 2002                                 | 3,253         | 0.0%  | 7,124       | 0.1%  | 136,485       | -0.3% |
| 2003                                 | 3,214         | -1.2% | 7,096       | -0.4% | 137,736       | 0.9%  |
| 2004                                 | 3,215         | 0.0%  | 7,112       | 0.2%  | 139,252       | 1.1%  |
| 2005                                 | 3,206         | -0.3% | 7,157       | 0.6%  | 141,730       | 1.8%  |
| 2006                                 | 3,234         | 0.9%  | 7,255       | 1.4%  | 144,427       | 1.9%  |
| 2007                                 | 3,260         | 0.8%  | 7,308       | 0.7%  | 146,047       | 1.1%  |
| 2008                                 | 3,261         | 0.1%  | 7,292       | -0.2% | 145,362       | -0.5% |
| 2009                                 | 3,168         | -2.9% | 7,091       | -2.8% | 139,877       | -3.8% |
| 2010                                 | 3,188         | 0.6%  | 7,097       | 0.1%  | 139,064       | -0.6% |
| 2011                                 | 3,235         | 1.5%  | 7,165       | 0.9%  | 139,869       | 0.6%  |
| 2012                                 | 3,280         | 1.4%  | 7,213       | 0.7%  | 142,469       | 1.9%  |
| 2013                                 | 3,295         | 0.5%  | 7,234       | 0.3%  | 143,929       | 1.0%  |
| 2014                                 | 3,387         | 2.8%  | 7,394       | 2.2%  | 146,305       | 1.7%  |
| 2015                                 | 3,446         | 1.7%  | 7,495       | 1.4%  | 148,834       | 1.7%  |
| 2016                                 | 3,508         | 1.8%  | 7,602       | 1.4%  | 151,436       | 1.7%  |
| 2017                                 | 3,586         | 2.2%  | 7,721       | 1.6%  | 153,337       | 1.3%  |
| 2018                                 | 3,690         | 2.9%  | 7,855       | 1.7%  | 155,761       | 1.6%  |
| 2019                                 | 3,730         | 1.1%  | 7,928       | 0.9%  | 157,538       | 1.1%  |
| 2020                                 | 3,396         | -9.0% | 7,309       | -7.8% | 147,795       | -6.2% |
| 2021                                 | 3,546         | 4.4%  | 7,530       | 3.0%  | 152,581       | 3.2%  |
| 2022                                 | 3,643         | 2.7%  | 7,790       | 3.5%  | 158,291       | 3.7%  |
| 2023                                 | 3,691         | 1.3%  | 7,866       | 1.0%  | 161,037       | 1.7%  |
| 2024                                 | 3,764         | 2.0%  | 7,983       | 1.5%  | 161,346       | 0.2%  |
| 2025                                 | 3,766         | 0.0%  | 7,968       | -0.2% | 163,493       | 1.3%  |
| Aug 2026                             | 3,706         | -1.6% | 7,801       | -2.1% | 163,152       | -0.2% |
| Δ 2019 Avg to<br>Aug 2026            |               | -0.7% |             | -1.6% |               | 3.6%  |

Source: U.S. Bureau of Labor Statistics

## RD 4: Revenue Analysis

FHRs have experienced solid growth over the last decade but can fluctuate materially year to year. In contrast, the pledged Commonwealth revenues are diverse and historically quite stable in aggregate, but will likely record flat to very slowly declining receipts absent periodic adjustment by the Commonwealth. While the Commonwealth has not regularly adjusted pledged revenues, KBRA expects that the Commonwealth would likely implement adjustments if needed to maintain satisfactory debt service coverage or program capacity, despite having no legal obligation to do so given the essential nature of the financing program.

### Concentration in Taxable Base

FHR receipts depend narrowly on Congressional appropriations. In contrast, pledged Commonwealth revenues are broadly diversified, with the DTISRA, MFT, and RMV each accounting for approximately one third of the aggregate amount in FY 2026.



Figure 4

| Pledged Funds by Source in FY 2026 (Pro Forma)                 |          |         |
|----------------------------------------------------------------|----------|---------|
| FYE June 30 (dollars in millions)                              |          |         |
|                                                                | Receipts | % Total |
| Federal Highway Reimbursements (FHR)                           | \$1,201  | 39.0%   |
| Dedicated Transportation Income Surtax Revenue Amount (DTISRA) | \$550    | 17.9%   |
| Motor Fuels Tax (MFT)                                          | \$703    | 22.8%   |
| License and Registration Fee (RMV)                             | \$622    | 20.2%   |
| Total Pledged Funds                                            | \$3,076  |         |

Source: Commonwealth of Massachusetts

## Trend in Revenues

FHRs increased at a 6.6% compound annual rate over the last decade through FY 2026, but receipts in any given year depend on the level appropriated by the U.S. Congress and the level of receipts in future years is uncertain. Receipts for example declined 18.9% YoY in FY 2025 before returning to growth of 5.4% in FY 2026. The last five-year federal surface transportation authorization ended in the federal fiscal year ended September 30, 2026. Funding has temporarily been extended through December 11, 2026, at a prorated level based on FY 2026 receipts. The level of funding to be awarded thereafter is uncertain.

The DTISRA is a fixed \$550 million statutory allocation of the Commonwealth's income surtax and will not grow organically with increased income surtax collections.

Combined annual MFT and RMV receipts declined about 1.5% over the last decade through FY 2026, owing to a combination of flat MFT tax rates and gradually declining motor fuel consumption due in large part to the increasing fuel economy of modern vehicles. This decline was only partially offset by modestly increased RMV receipts. Collections will likely remain flat to modestly declining in the absence of adjustment by the Commonwealth.



Figure 5

| Historical Pledged Funds and Pro Forma MADS Coverage |                                |        |                |                                                   |                               |                               |       |       |         |       |                     |                            |                                                  |                            |
|------------------------------------------------------|--------------------------------|--------|----------------|---------------------------------------------------|-------------------------------|-------------------------------|-------|-------|---------|-------|---------------------|----------------------------|--------------------------------------------------|----------------------------|
| FYE June 30 (dollars in millions)                    |                                |        |                |                                                   |                               |                               |       |       |         |       |                     |                            |                                                  |                            |
|                                                      | Federal Highway Reimbursements |        | Pro Forma MADS | MADS Coverage from Federal Highway Reimbursements |                               | Pledged Commonwealth Receipts |       |       |         |       | Pro Forma MADS      |                            | MADS Coverage from Pledged Commonwealth Receipts |                            |
|                                                      | FHR                            | Δ YoY  | GANs (FY 2031) | GANS (FY 2031)                                    | Annual Income Surtax Revenues | DTISRA                        | MFT   | RMV   | Total   | Δ YoY | CTF + DTR (FY 2028) | CTF + DTR + GANs (FY 2031) | CTF + DTR (FY 2028)                              | CTF + DTR + GANs (FY 2031) |
| 2007                                                 | \$585                          |        |                |                                                   | \$ -                          | \$ -                          | \$674 | \$388 | \$1,063 |       |                     |                            |                                                  |                            |
| 2008                                                 | \$590                          | 0.9%   |                |                                                   | -                             | -                             | \$671 | \$397 | \$1,068 | 0.5%  |                     |                            |                                                  |                            |
| 2009                                                 | \$883                          | 49.7%  |                |                                                   | -                             | -                             | \$652 | \$404 | \$1,056 | -1.1% |                     |                            |                                                  |                            |
| 2010                                                 | \$813                          | -7.9%  |                |                                                   | -                             | -                             | \$653 | \$486 | \$1,139 | 7.9%  |                     |                            |                                                  |                            |
| 2011                                                 | \$653                          | -19.7% |                |                                                   | -                             | -                             | \$659 | \$496 | \$1,155 | 1.4%  |                     |                            |                                                  |                            |
| 2012                                                 | \$598                          | -8.5%  |                |                                                   | -                             | -                             | \$660 | \$509 | \$1,169 | 1.2%  |                     |                            |                                                  |                            |
| 2013                                                 | \$607                          | 1.5%   |                |                                                   | -                             | -                             | \$650 | \$522 | \$1,172 | 0.3%  |                     |                            |                                                  |                            |
| 2014                                                 | \$622                          | 2.5%   |                |                                                   | -                             | -                             | \$731 | \$533 | \$1,264 | 7.8%  |                     |                            |                                                  |                            |
| 2015                                                 | \$593                          | -4.6%  |                |                                                   | -                             | -                             | \$754 | \$582 | \$1,336 | 5.7%  |                     |                            |                                                  |                            |
| 2016                                                 | \$631                          | 6.5%   |                |                                                   | -                             | -                             | \$765 | \$580 | \$1,345 | 0.7%  |                     |                            |                                                  |                            |
| 2017                                                 | \$628                          | -0.6%  |                |                                                   | -                             | -                             | \$768 | \$599 | \$1,367 | 1.6%  |                     |                            |                                                  |                            |
| 2018                                                 | \$615                          | -2.0%  |                |                                                   | -                             | -                             | \$768 | \$613 | \$1,380 | 1.0%  |                     |                            |                                                  |                            |
| 2019                                                 | \$646                          | 5.0%   |                |                                                   | -                             | -                             | \$774 | \$617 | \$1,391 | 0.7%  |                     |                            |                                                  |                            |
| 2020                                                 | \$685                          | 5.9%   |                |                                                   | -                             | -                             | \$706 | \$562 | \$1,268 | -8.8% |                     |                            |                                                  |                            |
| 2021                                                 | \$638                          | -6.9%  |                |                                                   | -                             | -                             | \$661 | \$623 | \$1,284 | 1.3%  |                     |                            |                                                  |                            |
| 2022                                                 | \$882                          | 38.3%  |                |                                                   | -                             | -                             | \$721 | \$599 | \$1,320 | 2.8%  |                     |                            |                                                  |                            |
| 2023                                                 | \$880                          | -0.2%  |                |                                                   | \$347                         | -                             | \$700 | \$601 | \$1,301 | -1.4% |                     |                            |                                                  |                            |
| 2024                                                 | \$1,405                        | 59.7%  |                |                                                   | \$2,416                       | -                             | \$711 | \$639 | \$1,350 | 3.7%  |                     |                            |                                                  |                            |
| 2025                                                 | \$1,139                        | -18.9% |                |                                                   | \$3,049                       | -                             | \$705 | \$635 | \$1,340 | -0.7% |                     |                            |                                                  |                            |
| 2026                                                 | \$1,201                        | 5.4%   | \$25           | 48.83x                                            | \$3,380                       | \$550                         | \$703 | \$622 | \$1,875 | 39.9% | \$317               | \$342                      | 5.90x                                            | 5.48x                      |

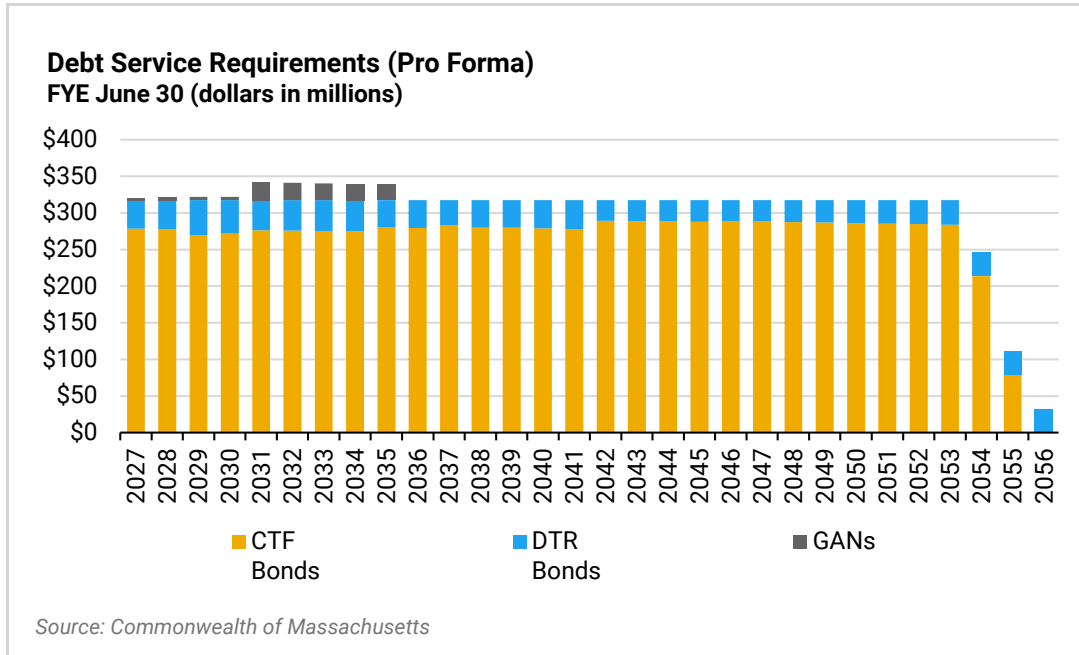
Source: Commonwealth of Massachusetts

## RD 5: Coverage and Bond Structure

KBRA views coverage and bond structure as very strong. Debt service requirements are fairly level with final maturity of the GANs in FY 2035. FY 2026 FHRs provided 48.83x coverage of pro forma MADS. FY 2026 pledged Commonwealth revenues provide 5.48x coverage of combined pro forma CTF, DTR and contingent GAN obligations.



Figure 6



## Bankruptcy Assessment

The United States Bankruptcy Code is not applicable to states. Because the Commonwealth is a state, it is not eligible for relief under the U.S. Bankruptcy Code.

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