

# MOODY'S

## INVESTORS SERVICE

### Rating Action: **Moody's assigns Aa2 to Maine's Series 2022 A&B GO Bonds; outlook stable**

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30 Jun 2022

New York, June 30, 2022 -- Moody's Investors Service has assigned Aa2 ratings to the State of Maine's \$18.65 million General Obligation Bonds, 2022 Series A (Federally Taxable) and \$68.98 million General Obligation Bonds, 2022 Series B. We maintain Aa2 ratings on approximately \$589.7 million of Maine's outstanding general obligation (GO) bonds. The outlook is stable.

#### RATINGS RATIONALE

The Aa2 rating on the general obligation bonds is the same as the state's Aa2 issuer rating given the state's pledge of its full faith, credit and taxing power and broad revenue base to repay the bonds. The issuer rating primarily reflects the state's stable economy, strong financial position, and an elevated total liabilities burden that is mitigated by rapid amortization of debt and pensions, though weak demographic trends remain a challenge.

#### RATING OUTLOOK

Maine's stable outlook is based on a strong financial position and adherence to governance best practices that will enable the state to maintain budgetary balance.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Sustained population and employment growth coupled with a decline in debt and pension liabilities
- Maintenance of strong reserve levels that would provide satisfactory buffer in the event of an economic downturn and mitigate challenges of weak demographic trends and above-average liabilities

#### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Return to severe structural imbalance
- Declines in population and employment that negatively impact wage and personal income growth

#### LEGAL SECURITY

The state pledges its full faith and credit to its general obligation bonds. The state constitution prioritizes debt service ahead of all other uses of general fund revenue.

#### USE OF PROCEEDS

Proceeds from the Series 2022 A and B GO bonds will be used to finance highway and bridge projects as well as other various state capital projects.

#### PROFILE

The State of Maine is the 42nd largest state by population (1.4 million people in 2021) and the 43rd largest state by GDP (\$76.1 billion in 2021 current dollars).

#### METHODOLOGY

The principal methodology used in these ratings was US States and Territories Methodology published in March 2022 and available at <https://ratings.moodys.com/api/rmc-documents/356901>. 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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