



The Office Of State Treasurer
Denise L. Nappier

Statement

FOR IMMEDIATE RELEASE
May 15, 2017

STATEMENT FROM STATE TREASURER DENISE L. NAPPIER CONCERNING THE CREDIT RATING ACTION BY MOODY'S INVESTOR SERVICE

HARTFORD, CT – State Treasurer Denise L. Nappier issued a statement today concerning a lowering by Moody's Investor Service of the State's General Obligation credit rating.

Moody's lowered its credit rating on Connecticut's General Obligation (GO) credit rating from Aa3, with a negative outlook, to A1, with a stable outlook. Moody's also lowered the credit rating for Special Tax Obligation bonds for transportation, UCONN 2000 bonds and other State bond programs.

Moody's rating action follows reports that Connecticut's April tax receipts were less than expected, prompting reductions in revenue estimates for fiscal years 2018 and 2019. In addition, although the Governor's deficit mitigation plan avoids borrowing, it does require depletion of the State's Rainy Day Fund, which further reduces the State's flexibility to address fiscal challenges, a key credit concern.

STATEMENT

"Today's announcement from Moody's Investor Service, on top of the news from Fitch Ratings on Friday, underscores the serious challenge that the State faces. Clearly, a course correction is necessary, and that more disciplined path must lead in the direction of responsibly addressing our long-term liabilities.

Toward this end, and as part of my commitment to develop a concrete, viable strategy, I proposed to the legislature this session that it authorize tax-secured revenue bonds, which can reduce the cost of borrowing and allow for dedicated savings to be directed toward rebuilding the State's Rainy Day Fund. This is precisely the type of approach that not only squarely addresses a persistent concern expressed by the rating agencies, it would also, I believe, improve the GO credit rating over time."

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