

Research Update:

Howard County, MD Series 2026 A, B, C, And D GO Bonds Assigned 'AAA' Rating; Existing Debt Affirmed; Outlook Stable

February 6, 2026

Overview

- S&P Global Ratings assigned its 'AAA' rating to [Howard County](#), Md.'s approximately \$72.2 million series 2026A consolidated public improvement (CPI) project general obligation (GO) bonds, \$19.9 million series 2026B metropolitan district project GO bonds, \$41.1 million series 2026C consolidated public improvement refunding GO bonds, and \$17.5 million series 2026D (taxable) consolidated public improvement project GO bonds.
- We also affirmed our 'AAA' rating on the county's existing GO debt and 'AA+' rating on the Howard County Housing Commission's lease-revenue appropriation debt, supported by the county.
- The outlook is stable.

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Rationale

Security

The county's full-faith-and-credit pledge and unlimited taxing power secure the series 2026 GO bonds. Further securing the metropolitan district bonds are special front-foot assessments on all property in the county, special annual ad valorem taxes levied on assessable property in the county, and water and sewer service charges and connection fees. Nonetheless, we rate the metropolitan district GO bonds based on the county's full-faith-and-credit pledge.

We understand proceeds from the CPI GO bonds and the metropolitan district bonds will be used to repay the county's GO bond anticipation notes (BANs) outstanding issued on its line of credit (\$93.3 million) through Bank of America, and pay or reimburse the county for various capital and water-and-sewer projects. The proceeds from the series 2026C consolidated public improvement refunding GO bonds will be used to refund previously issued debt for interest rate savings. Proceeds from the series 2026D GO bonds will be used to fund various capital projects.

The 'AA+' rating on the housing commission's lease revenue bonds is based on the application of our criteria: "[Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness](#)," Nov. 20, 2019. We rate the bonds one notch lower than the GO debt to account for appropriation risk.

Credit highlights

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

Howard County encompasses 251 square miles in the center of the state and is within 15 miles of Baltimore City; Washington, D.C.; and Fort Meade. With an excellent transportation network, a highly educated workforce, and ample employment opportunities throughout the local and regional economy--primarily in the professional and business, education, and health care sectors--the county's wealth and income levels are among the highest in the nation, and unemployment has historically remained well below state and national averages. Although we believe the county has some exposure to federal government expense cuts or freezes given its ties to Washington, ultimately, we note it has a long track record of strong planning and proactive budget management, which we believe will limit the effects of any such cuts.

Howard County has historically maintained steady financial performance with robust reserve levels throughout economic cycles. Conservative budgeting practices, formalized and well-adhered-to fiscal policies, active participation by the county's 22-member Spending Affordability Advisory Committee, and a well-seasoned management team are all factors that have sustained the county's sound financial position.

In fiscal 2025, the county used \$82 million in reserves to fund nonrecurring projects, primarily one-time capital projects as part of management's plan to limit debt increases. Operationally, the county generated strong positive revenue and expense variances for the year, maintaining its surplus operations despite the one-time use of reserves for capital. Furthermore, the county's pay-as-you-go capital spending support has ramped up significantly in recent years, averaging more than \$60 million annually since fiscal 2020 and reaching \$112 million in fiscal 2025.

We understand the county's revenue is exceeding budget for first-half fiscal 2026 and that management continues to identify savings, such that we anticipate it will maintain at-least-balanced operations and its robust reserve position. Although costs related to long-term liabilities are increasing, they remain affordable, particularly given the county's large and wealthy tax base and management's strong planning for current and future challenges. For fiscal 2027, the county anticipates no major changes to the budget and maintenance of balanced operations. In our view, the county maintains ample revenue flexibility given there are no state restrictions regarding property tax rate increases and the county's income tax rate of 3.2% is below the 3.3% state maximum.

The county currently has \$2.0 billion of total direct net debt outstanding. We understand that for the foreseeable future it plans to issue approximately \$70 million-\$90 million of public improvement bonds annually for new capital projects identified in the annual capital budget. Nevertheless, given above-average amortization of existing debt in addition to increased pay-as-you-go spending, we do not believe Howard County's debt profile will materially worsen because of the county's current CIP.

We note Howard County maintains a \$150 million GO BAN line of credit through Bank of America that provides temporary financing during the year for capital projects before the interim financing is permanently financed with GO bonds. The agreement expires April 23, 2027, at which time the county will likely seek renewal. The county has drawn \$93.3 million on the line of credit, all of which will be permanently financed as a result of this issue. There are no acceleration events, and we do not view this as a material contingent liquidity risk to the county.

The 'AAA' rating reflects Howard County's:

- Robust, affluent, and expanding economic base directly tied to the Baltimore and Washington, D.C. MSA employment bases, including extremely strong income levels compared with the national average, which we believe to be a credit strength.
- Historically sturdy financial position, with available general fund reserves that remain robust despite the county's drawdown in fiscal 2025 for one-time capital purposes.
- 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. Comprehensive financial policies include an investment policy that aligns with state statutes, a debt policy with a maximum level of aggregate bonds and other debt outstanding at any time equal to 4.8% of market value, and a formal fund balance totaling 10% of expenditures, consisting of a 7% rainy-day fund and additional reserves of 3% on top of the rainy-day fund--levels we believe the county will stay well above.
- 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.
- For more information on our institutional framework assessment for Maryland counties, see: "[Institutional Framework Assessment: Maryland Local Governments](#)," Sept. 9, 2024.

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. This includes implementing the Ellicott City Safe and Sound Plan, which seeks to create long-term flood mitigation in the Tiber Branch watershed.

Rating 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: "[Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions](#)," 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 faces significant fiscal pressures from increased fixed or operating costs, or from potential federal funding cuts, such that available reserves are no longer rating commensurate and with no plans to rebuild in a timely manner, we could take a negative rating action. This would also need to be accompanied by our view of management weakening.

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
Debt and liabilities	4.0

Howard County, Maryland--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	--	133	133	133
County PCPI % of U.S.	--	137	137	137
Market value (\$000s)	--	67,707,385	64,022,945	60,941,835
Market value per capita (\$)	--	199,273	188,429	179,030
Top 10 taxpayers % of taxable value	--	3.0	3.0	3.1
County unemployment rate (%)	--	2.9	2.6	1.9
Local median household EBI % of U.S.	--	--	162	162
Local per capita EBI % of U.S.	--	--	150	157
Local population	--	--	339,772	340,401
Financial performance				
Operating fund revenues (\$000s)	--	1,500,679	1,385,186	1,382,023
Operating fund expenditures (\$000s)	--	1,492,096	1,378,482	1,288,040
Net transfers and other adjustments (\$000s)	--	(91,048)	(25,814)	(11,639)
Operating result (\$000s)	--	(82,465)	(19,110)	82,344
Operating result % of revenues	--	(5.5)	(1.4)	6.0
Operating result three-year average %	--	(0.3)	3.5	7.3
Reserves and liquidity				
Available reserves % of operating revenues	--	25.6	33.7	35.1
Available reserves (\$000s)	--	384,690	466,611	484,986
Debt and liabilities				
Debt service cost % of revenues	--	8.7	9.9	9.2
Net direct debt per capita (\$)	5,850	5,330	5,414	5,347
Net direct debt (\$000s)	1,987,807	1,811,108	1,839,591	1,820,073
Direct debt 10-year amortization (%)	60	61	64	--

Howard County, Maryland--key credit metrics

	Most recent	2025	2024	2023
Pension and OPEB cost % of revenues	--	6.0	6.0	5.0
NPLs per capita (\$)	--	638	974	707
Combined NPLs (\$000s)	--	216,633	330,847	240,515

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. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List

New Issue Ratings

US\$19,895,000 Howard County, Maryland, Metropolitan District Project Bonds, Series 2026B (Tax-Exempt), dated: Date of Delivery, due: August 15, 2055

Long Term Rating AAA/Stable

US\$41,135,000 Howard County, Maryland, Consolidated Public Improvement Refunding Bonds, Series 2026C (Tax-Exempt), dated: Date of Delivery, due: February 15, 2036

Long Term Rating AAA/Stable

US\$17,490,000 Howard County, Maryland, Consolidated Public Improvement Project Bonds, Series 2026D (Taxable), dated: Date of Delivery, due: August 15, 2045

Long Term Rating AAA/Stable

US\$72,175,000 Howard County, Maryland, Consolidated Public Improvement Project Bonds, Series 2026 A (Tax-Exempt), dated: Date of Delivery, due: August 15, 2045

Long Term Rating AAA/Stable

Ratings Affirmed

Local Government

Howard Cnty, MD Lease Appropriation AA+/Stable

Howard Cnty, MD Unlimited Tax General Obligation AAA/Stable

Howard Cnty, MD Unlimited Tax General Obligation and Water and Sewer System Subordinate Lien AAA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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