

Research Update:

New York City Transitional Finance Authority's \$1.8 Billion Fiscal 2026 F-1 And F-2 Future Tax Secured Bonds Rated 'AAA'

January 9, 2026

Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to the [New York City Transitional Finance Authority](#)'s (TFA) \$1.5 billion future tax secured (FTS) tax-exempt subordinate bonds, fiscal 2026 subseries F-1, and \$300 million FTS subordinate bonds, fiscal 2026 subseries F-2 taxable bonds.
- The long-term rating on TFA's subordinate FTS bonds outstanding is 'AAA'. There are no senior bonds outstanding.
- The outlook is stable.

Rationale

Security

Personal income tax (PIT) revenue and, if needed, sales and use tax revenue generated within New York City secures the fiscal 2026 subseries F-1 and F-2 (second-lien) FTS bonds. The bonds will be issued as multimodal bonds, initially in fixed-rate mode.

Proceeds from the subseries F-1 and F-2 bonds will fund citywide capital expenditures. The TFA has \$57.91 billion of FTS subordinate bonds outstanding.

Credit highlights

The 'AAA' long-term rating incorporates our view of the authority's very strong coverage and liquidity, and economic fundamentals. New York City's economic trajectory remains healthy overall, as reflected in favorable tax revenue performance during fiscal 2025 and financial plan projections for pledged revenue to hold in fiscal years 2026 and 2027 despite evolving macroeconomic conditions.

Primary Contact

Thomas J Zemetis
New York
1-212-438-1172
thomas.zemetis
@spglobal.com

Secondary Contact

Victor M Medeiros
Boston
1-617-530-8305
victor.medeiros
@spglobal.com

In our view, New York City's economic data from the first three quarters of the year remained resilient. We generally expect that its economy will soften, but that its gross metropolitan product growth rate will mirror that of the U.S. over the outlook period. Based on S&P Global Ratings Economics' report "[Economic Outlook U.S. Q1 2026: Steady As She Goes But On A Narrow Path](#)," Nov. 24, 2025, the forecast reflects a modest upward revision (from its September 2025 forecast) in U.S. real GDP growth to 2.0% in 2025 and 2.0% in 2026, but a deceleration from the 2.8% in 2024 and 2.9% in 2023. S&P Global Ratings economists note that downside risks stem from consumer spending's hitting a cycle low of 1.8% in 2027, while the U.S. experiences a low-hire, low-fire labor market, and persistent consumer inflation at around 3% through the first half of 2026. In addition, sharply lower immigration is a major challenge to labor supply, especially with the labor force already structurally slowing from aging demographics. Both lower consumer spending and lower immigration could affect New York City's economy. We will monitor the effects of consumer spending, labor dynamics, and Wall Street profits on the growth trajectory of income and sales tax revenue conditions.

The city's pledged revenue growth assumptions over the 2026-2029 financial plan reflect conservative economic growth expectations, and we view current and out-year expectations to be reasonable compared with S&P Global Ratings Economics' forecasts. Actual income and sales tax receipts for fiscal 2025 totaled \$28.83 billion, or 12.7% above fiscal 2024 collections, slightly outperforming year-end estimates in the city's June 2025 financial plan forecast. The financial plan projects combined pledged revenue for fiscal 2026 to increase to \$29.51 billion, or 2.4% above fiscal 2025 pledged revenue, though this is lower percentage growth than in the prior year, reflecting a more modest 1.6% projected increase in PIT revenue and a 3.7% increase in sales tax revenue (compared with the substantial 17.8% and 4.5%, respectively, in fiscal 2025).

Also supporting the high-investment-grade rating is the city's transfer of its rights, title, and interest in pledged revenue to the authority that enhances the statutory and legal mechanisms that separate control of the revenue from the city, supporting an obligor linkage we view as remote. However, risks to the priority-lien rating remain in the form of its linkage to the city's creditworthiness, which is equivalent to the general obligation (GO) rating. The New York City GO rating is 'AA' and is constrained by its elevated debt and liability burden, which robust and well-embedded management practices offset. With a new mayoral administration that began on Jan. 1, 2026, we believe the evolution of the city-state governance relationship, budget development process, and capital commitments that will take shape in the ensuing months will reveal more about how proposals could translate into governance priorities and budgetary realities. For more information, see our "[Credit FAQ: Big Apple Checks And Balances: Governance Relationship Between New York City And New York State Could Provide Stability Amid Political Change](#)," Nov. 5, 2025.

New York State's fiscal 2026 budget amended the New York City Transitional Finance Authority Act, increasing the authorization of FTS bonds that will not be subject to the city's debt limit to \$30.5 billion from \$27.5 billion, effective July 1, 2025. Following the issuance of the fiscal 2026 subseries F-1 and F-2 bonds, the proposed FTS subordinate adjustable-rate bonds fiscal 2026 subseries F-3 and proposed FTS subordinate index-rate bonds fiscal 2026 subseries F-4 (not rated by S&P Global Ratings), the TFA projects that it will issue approximately \$6.0 billion, \$7.5 billion, and \$7.6 billion in fiscal years 2027 through 2029, sequentially, of FTS subordinate bonds for general capital purposes. We believe management will structure debt plans to ensure that pledged revenue continues to provide very high coverage in line with historical trends. However, we monitor coverage and whether increased debt could materially reduce maximum annual debt service (MADS) coverage to less than 4x or substantially diminish the flow of excess tax revenue to the city after payment of debt service, which we believe could pressure the ratings.

The rating further reflects our view of the following:

- The expanding and diversified New York City economy continues to exhibit growth trends similar to the broader national economic conditions in 2025, coupled with a population of approximately 8.48 million as of July 2024 on which pledged revenue is generated.
- Fiscal 2025 actual pledged revenue of \$28.8 billion provided very strong 7.6x annual debt service coverage. Following the issuance of the fiscal 2026 series F bonds, fiscal 2025 pledged revenue provides MADS coverage of 5.7x based on the maximum rate on the variable-rate bonds and 6.0x based on the 4.25% budgeted adjustable rate. Considering TFA's additional debt issuance plans over the near term, we expect maintenance of at least 4x MADS coverage of subordinate-lien debt over the outlook period.
- Bond provisions are strong. These include what we consider a conservative additional bonds test of at least 3x MADS and MADS of \$1.32 billion for senior-lien bonds (none outstanding), and at least 3x the sum of covenanted MADS of \$1.32 billion on senior-lien debt plus annual debt service on subordinate debt for the subordinate-lien bonds.
- Nationwide income and sales and use taxes have historically demonstrated low-to-moderate volatility, with the breadth of the city's sales and use tax base offsetting cyclical volatility associated with PIT.
- The city's general creditworthiness does not constrain the rating but will remain a consideration, as pledged revenue could become pressured if New York City's economy and finances deteriorate.

Environmental, social, and governance

We view the environmental, social, and governance factors that could affect the TFA's economic base on which pledged revenue is collected as similar to those of the city, particularly should exposure to extreme weather events and other chronic physical climate risks disrupt economic activity or pledged revenue collections. We view the governance structure of the TFA's FTS statutory and legal mechanisms positively, as it protects the rights of bondholders and limits the city's ability to divert revenue prior to debt service payment.

Rating above the sovereign

We rate the TFA bonds above the sovereign because we believe the authority could maintain better credit characteristics than the U.S. in a stress scenario, based on the locally derived pledged revenue for bondholders and our view that pledged revenue supporting debt service on the bonds is at limited risk of negative sovereign intervention. The rating above the sovereign is based on our criteria "[Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions](#)," Nov. 19, 2013.

Outlook

The stable outlook reflects our view of growth in the TFA's pledged revenue, which has shown resilience through multiple economic cycles, including the pandemic shock. As a result, we expect the authority's annual debt service coverage and MADS coverage will remain extraordinarily strong.

Downside scenario

We could lower the rating or revise the outlook to negative in the unlikely event that pledged revenue falls substantially short of the forecast or the TFA accelerates borrowing that leads to materially lower MADS coverage of less than 4x.

New York City Transitional Finance Authority--key credit metrics

Economic data	
Economy	Very strong
EBI level per capita as % of U.S.	112
Population (obligor)	8,478,072
Broad and diverse MSA	Yes
Population (MSA)	19,940,274
Financial data	
Revenue volatility	Low-very low
Coverage and liquidity	Very strong
Baseline coverage assessment	Other
MADS coverage (x)	6.0
MADS year	2029
Annual debt service coverage (x)	7.6
Two-year pledged revenue change (%)	8.0
Bond provisions	
ABT (x)	3.0
ABT type	MADS
ABT period	Historical
DSRF type	None
Obligor relationship	
Obligor linkage	Remote
PL rating limit (number of notches above OC)	4

Data points and ratios might reflect analytical adjustments. ABT--Additional bonds test. DSRF--Debt service reserve fund. EBI--Effective buying income. MADS--Maximum annual debt service. MSA--Metropolitan statistical area. OC--Obligor creditworthiness. PL--Priority lien. Economic data reflects 2024 information reported on a calendar-year basis sourced from S&P Market Intelligence. Population data reflects July 1, 2024 (latest data available), U.S. Census Bureau estimates. Annual debt service coverage and MADS coverage are based on actual fiscal 2025 revenue and pro forma debt service (assuming an interest rate of 4.25% on variable-rate bonds outstanding), inclusive of the fiscal 2026 subseries F-1 and F-2 bonds, as well as TFA's proposed fiscal 2026 subseries F-3 adjustable rate bonds and subseries F-4 index rate bonds (subseries F-4 bonds not rated by S&P Global Ratings).

Ratings List

New Issue Ratings

US\$1,500,000,000 New York City Transitional Finance Authority, Future Tax Secured Subordinate Bonds, Fiscal 2026 Series F, Subseries F-1 Tax-Exempt Bonds, dated: Date of Delivery, due: February 1, 2053

Long Term Rating	AAA/Stable
------------------	------------

US\$300,000,000 New York City Transitional Finance Authority, Future Tax Secured Subordinate Bonds, Fiscal 2026 Series F, Subseries F-2 Taxable Bonds, dated: Date of Delivery, due: February 1, 2036

Long Term Rating	AAA/Stable
------------------	------------

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.