

22 MAY 2026

## **Fitch Rates NYC Transitional Finance Auth \$2.15B Fiscal 2026 Ser G H & I Bonds 'AAA'; Outlook Stable**

Fitch Ratings - New York - 22 May 2026: Fitch Ratings has assigned a 'AAA' rating to the following New York City Transitional Finance Authority (TFA) future tax secured (FTS) fiscal 2026 subordinate bonds:

- -- \$1,133,425,000 subseries G-1 (tax-exempt);

- -- \$74,855,000 subseries G-2 (taxable);

- -- \$39,215,000 series H (tax-exempt);

- -- \$900,000,000 series I (tax-exempt).

Subseries G-1 and G-2, and series H bonds are being issued to refund outstanding TFA bonds for savings; series I proceeds will be used for general capital purposes.

Fitch also affirms its 'AAA' rating on the TFA's outstanding subordinate lien FTS bonds.

The Rating Outlook is Stable.

The 'AAA' rating reflects very strong coverage of annual debt service from fiscal year 2025 pledged revenue of 7.6 times (x). Resilience would remain strong even if TFA leveraged the pledged revenue up to 3x coverage (its legally permitted amount), although Fitch expects issuance to remain well below that level because excess revenue flows to the city for general operations.

### **RATING SENSITIVITIES**

#### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

A sustained decline in pledged revenue that is more severe and prolonged than anticipated, combined with a significant increase in leverage resulting in maximum annual debt service coverage levels below 3.0x.

#### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

Not applicable, as the bonds are already rated at Fitch's highest rating level.

#### **Dedicated Tax And Revenue Bond Security**

The bonds are payable from a subordinate lien on revenue derived from a personal income tax (PIT)

and a sales and use tax (SUT; collectively, the pledged revenue) imposed by New York City, as authorized by the state of New York. Payment of the PIT and SUT revenue to the TFA is not subject to city or state appropriation.

SUT revenue will be available for the payment of debt service if PIT revenue is projected to be insufficient to provide at least 150% of the maximum annual debt service (MADS) on the TFA's outstanding bonds.

The subordinate ABT requires that pledged revenue for the most recent fiscal year is at least 3x the sum of \$1.32 billion (covenanted MADS for senior lien bonds) plus projected maximum annual subordinate debt service, including debt service on the bonds to be issued. Debt service on variable-rate bonds is assumed at the maximum rate for the purposes of the ABT. The TFA does not have any senior lien obligations outstanding.

## **Dedicated Tax And Revenue Bond Key Rating Drivers**

### **Revenue Risk - 'aa'**

Fitch assesses the revenue type at 'aa', reflecting the broad nature of the PIT and SUT revenue, notwithstanding the presence of financial activities which account for 25% of earnings in the city compared to 10% for the U.S. according to 2024 data. Fitch assesses the revenue sensitivity at 'a', taking into account historical declines in pledged revenue and the PIT exposure to financial activities. Revenue growth is assessed at 'aa', given pledged revenue benefits from the city's unique economic profile, which reflects its identity as an international center for numerous industries, educational and healthcare-related institutions and a major tourist destination.

Fitch believes that longer-term pledged revenue growth may slow from record fiscal 2025 results and strong projected fiscal 2026 growth, but will remain solid between long-term inflation and U.S. GDP growth rates.

### **Resilience - 'aaa'**

The high coverage levels from growing pledged revenue provide for very strong levels of resilience to changes in the economy and through downturns. Strong legal and practical protection against overleveraging also supports the 'aaa' level of resilience. A 10% stress was applied against the 3x ABT to inform the resilience assessment. Fitch believes issuance to the 3x ABT is highly unlikely, given the city's debt issuance plans for pledged revenue, compliance with city debt policies and reliance on residual revenue for its operations after payment of TFA debt service. Fitch assumes the city would delay future borrowing if pledged revenue fell significantly short of management's expectations, preserving sufficient residual revenue to fund city operating expenses.

## **Exposure To Related Government Operations**

### ***Strong Legal Framework***

The very strong legal structure insulates bondholders from the operating risk of New York City (Issuer

Default Rating [IDR], AA/Negative).

The bankruptcy-remote, statutorily defined nature of the issuer pursuant to state legislation and a bond structure involving a first-perfected security interest in the PIT and SUT revenue are key credit strengths. Payment of the PIT and SUT revenue to the TFA is not subject to city or state appropriation. Statutory covenants prohibit action that would impair bondholders.

As a true sale structure, TFA's rating is limited to six notches above New York City's IDR of 'AA'/Negative.

## **PROFILE**

New York City serves as an international center for numerous industries and institutions and a major tourism destination. The city's economic profile features high wealth levels and the local economy remains strongly linked to the financial sector. Estimated census figures for July 2025 report the city's population at 8,584,629, a 2.5% decrease from 2020.

## **Sources of Information**

In addition to sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

## **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

## **ESG Considerations**

Fitch does not provide ESG relevance scores for New York City Transitional Finance Authority (NY).

In cases where Fitch does not provide ESG relevance scores in connection with the credit rating of a transaction, programme, instrument or issuer, Fitch will disclose any ESG factor that is a key rating driver in the key rating drivers section of the relevant rating action commentary. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products>

## **Fitch Ratings Analysts**

### **Kevin Dolan**

Director

Primary Rating Analyst

+1 212 908 0538

Fitch Ratings, Inc. Hearst Tower 300 W. 57th Street New York, NY 10019

### **Arthur Tildesley III, CFA**

Director

Secondary Rating Analyst

+1 646 582 4749

**Karen Ribble**  
Senior Director  
Committee Chairperson  
+1 415 732 5611

## Media Contacts

**Katherine Jones**  
New York  
+1 212 908 0823  
katherine.jones@thefitchgroup.com

## Rating Actions

| ENTITY/DEBT   | RATING | RECOVERY | PRIOR |
|---|--------|----------|-------|
| New York<br>City<br>Transitional<br>Finance<br>Authority<br>(NY)  |        |          |       |
| • New<br>York<br>City<br>Transitional<br>Finance<br>Authority<br>(NY)<br>/NYC LT<br>TFA<br>Future<br>Tax<br>Secured<br>-<br>Subordinated/<br>2 LT | AAA ●  | Affirmed | AAA ● |

## RATINGS KEY OUTLOOK WATCH

|          |   |   |
|----------|---|---|
| POSITIVE | ⊕ | ◊ |
| NEGATIVE | ⊖ | ◊ |
| EVOLVING | ◊ | ◆ |
| STABLE   | ○ |   |

### Applicable Criteria

[U.S. Public Finance Dedicated Tax and Revenue Bond Rating Criteria \(pub.01 May 2026\)](#)

[U.S. Public Finance Local Government Rating Criteria \(pub.01 May 2026\) \(including rating assumption sensitivity\)](#)

### Additional Disclosures

[Solicitation Status](#)

### Endorsement Status

New York City Transitional Finance Authority (NY) EU Endorsed, UK Endorsed

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