Fiscal Highlights

Utah Compared to Other States with a Triple-Triple-A Credit Rating - Brian Wikle

Utah has earned a triple-A credit rating (the highest) from each of the three major credit rating agencies - sometimes referred to as a "Triple-Triple-A" - every year since 1992. The most recent ratings put Utah in the elite company of only eight other Triple-Triple-A states - Delaware, Georgia, Iowa, Maryland, Missouri, North Carolina, Texas, and Virginia. While each rating agency has a distinct methodology for assigning credit ratings to the states, attributes that contribute to receiving a AAA rating include keeping debt at a moderate level and aggressively paying down the debt, maintaining a balanced budget, and adequately funding liabilities such as pension and benefit plans.

Rating agencies also look at a number of measures that put a state's debt in context of the populace's ability to afford the debt. The information that follows in this article is as reported by Moody's Investor Service, one of the major credit rating agencies. Chart 1 shows that Utah's net tax-supported debt (NTSD) per capita is currently $921. This means that a four-person household's share of the debt is almost $3,700. The state's NTSD as a percent of 2014 personal income is 2.5 percent.

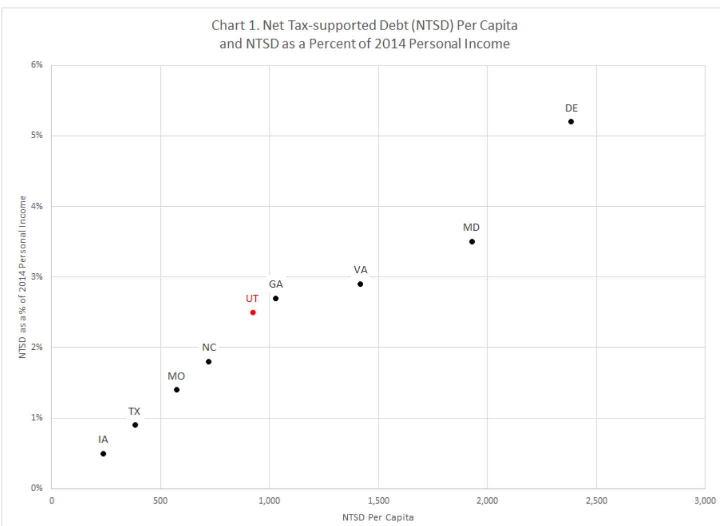
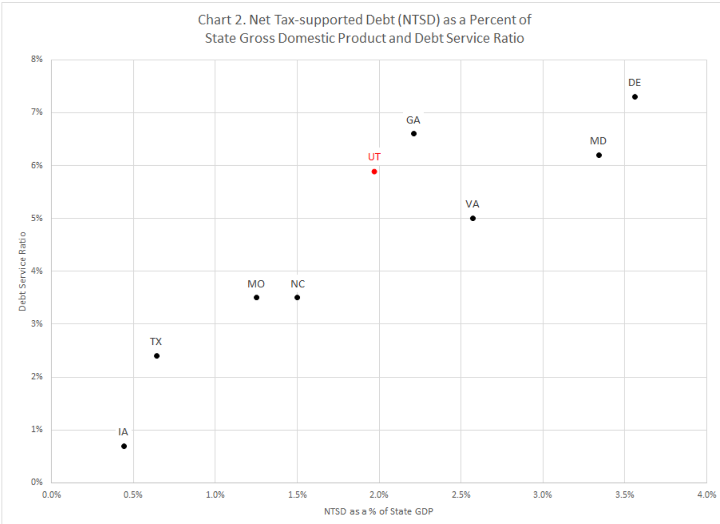


Chart 2 shows that the ratio of net tax-supported debt to total economic output in Utah is about 2 percent (i.e. NTSD as a percent of state gross domestic product). The state's debt service ratio - the proportion of the budget used to pay principal and interest on the debt - is nearly 6 percent.



On all of these measures, Utah ranks in the middle of the Triple-Triple-A states. State officials should carefully monitor these measures and continue sound financial practices that will allow Utah to maintain its high credit rating, thereby qualifying for low costs of borrowing when issuing debt.