S&P Global Ratings

RatingsDirect®

Summary:

Harris County, Texas; CP

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Credit Profile		
US$200.0 mil GO unltd tax cml paper nts ser C-2 due 11/20/2028		
Short Term Rating	A-1+	New

Credit Highlights

- S&P Global Ratings assigned its 'A-1+' short-term rating to Harris County, Texas' $200 million series C-2 general obligation (GO) unlimited-tax commercial paper (CP) notes.

Security

An unlimited ad valorem-tax pledge, levied on all taxable property within the county, secures the CP notes. The rating reflects our view of Harris County's strong general creditworthiness and the application of our criteria, "Methodology For Linking Long-Term and Short-Term Ratings," published April 7, 2017. (For more information on Harris County's general creditworthiness, see our analysis, published Nov. 21, 2022, on RatingsDirect.)

Officials intend to use CP note proceeds to provide interim financing mainly for road and street improvements.

Credit overview

Harris County has multiple CP lines outstanding, and has a long history of issuing CP notes and the series C-2 is a new CP program. The county has entered into a credit agreement dated Nov. 1, 2023, with TD Bank N.A., whereby the bank has agreed to provide a revolving line of credit up to $214,794,521, which consists of $200 million, representing the amount available to pay the principal of maturing notes, and $14,794,521 (calculated at 10% per year for 270 days based on a 365-day year), representing the amount available to pay interest due on maturing notes. The events of default include if the county GO rating, without regard to credit enhancement, is lowered below 'A3' by Moody's Corp., 'A-' by Fitch Ratings, or 'A-' by S&P Global Ratings.

Environmental, social, and governance

We think Harris County has elevated physical risk due to its location near the Gulf Coast, making it susceptible to extreme weather events, most significantly Hurricane Harvey in September 2017. In addition, a large oil-and-gas presence exposes the area to transition risk, which considers costs related to new regulations or the shift in employment that could occur depending on oil prices. However, management is adept at handling these environmental risks, as evidenced by stable financial performance through economic and weather cycles. In our view, we view Harris County's governance and social factors as neutral in our credit analysis.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022