



RATING ACTION COMMENTARY

Fitch Rates Hays County, TX's \$100MM COs and \$45.71MM Ltd Tax Rfdg Bonds 'AA+'; Outlook Stable

Wed 07 Jan, 2026 - 2:45 PM ET

Fitch Ratings - Austin - 07 Jan 2026: Fitch Ratings has assigned a 'AA+' rating to the following Hays County, TX obligations:

--\$100 million combination tax and revenue certificates of obligation (COs), series 2026;

--\$45.710 million limited tax refunding bonds, series 2026.

The obligations are scheduled to sell on or around Feb. 12, 2026. Proceeds of the COs and bonds will be used for constructing and/or upgrading several county buildings and facilities, management of the projects, and to refund a portion of the county's outstanding obligations.

Fitch has also affirmed the following county ratings at 'AA+':

--Issuer Default Rating (IDR);

--All Fitch-rated outstanding general obligation debt.

The 'AA+' IDR rating reflects a financial resilience assessment of 'aaa' and Fitch's expectation that the county will maintain unrestricted general fund reserves of at least 10% of spending.

The rating also incorporates the county's overall 'Strong' demographic and economic level metrics and 'Weak' Long-Term Liability (LTL) burden.

The Rating Outlook is Stable.

RATING ACTIONS

ENTITY / DEBT ⇅	RATING ⇅			PRIOR ⇅
Hays County (TX) [General Government]	LT IDR	AA+ Rating Outlook Stable		AA+ Rating Outlook Stable
	Affirmed			
Hays County (TX) /General Obligation - Limited Tax/1 LT	LT	AA+ Rating Outlook Stable	Affirmed	AA+ Rating Outlook Stable
Hays County (TX) /General Obligation - Unlimited Tax/1 LT	LT	AA+ Rating Outlook Stable	Affirmed	AA+ Rating Outlook Stable

[VIEW ADDITIONAL RATING DETAILS](#)

RATING SENSITIVITIES

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

--A decline in available general fund reserve levels below 10% of spending, which would lower Fitch's assessment of financial resilience to below 'aaa';

--Material increases to direct debt and carrying costs that push long-term liabilities into the extreme lower percentiles of the Fitch-rated portfolio, assuming current levels of personal income and governmental resources and spending;

--Weakened underlying demographic and economic performance including but not limited to rising unemployment and lower resident income.

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

--An approximate 20% decrease in long-term liabilities assuming current levels of personal income and governmental resources and spending;

--Improved underlying demographic and economic performance including but not limited to decreasing unemployment and higher resident income.

SECURITY

The bonds and COs constitute direct obligations of the county, payable from an annual property tax levy limited to \$0.80 per \$100 taxable assessed value (TAV) on all taxable property located within the county. The COs are further secured by a lien on and pledge of net revenues derived from the operation of the county's solid waste management system.

FITCH'S LOCAL GOVERNMENT RATING MODEL

The Local Government Rating Model generates Model Implied Ratings, which communicate the issuer's credit quality relative to Fitch's local government rating portfolio. (The Model Implied Rating will be the Issuer Default Rating except in certain circumstances explained in the applicable criteria.) The Model Implied Rating is expressed via a numerical value calibrated to Fitch's long-term rating scale that ranges from 10.0 or higher (AAA), 9.0 (AA+), 8.0 (AA), and so forth down to 1.0 (BBB- and below).

Model Implied Ratings reflect the combination of issuer-specific metrics and assessments to generate a Metric Profile and a structured framework to account for Additional Analytical Factors not captured in the Metric Profile that can either mitigate or exacerbate credit risks. Additional Analytical Factors are reflected in notching from the Metric Profile and are capped at +/-3 notches.

RATINGS HEADROOM & POSITIONING

Hays County Model Implied Rating: 'AA+' (Numerical Value: 9.73)

-- Metric Profile: 'AA+' (Numerical Value: 9.73)

-- Net Additional Analytical Factor Notching: 0.0

Hays County's Model Implied Rating is 'AA+'. The associated numerical value of 9.73 is at the upper end of the 9.0 to 10.0 range for a 'AA+' rating.

KEY RATING DRIVERS

FINANCIAL PROFILE

Financial Resilience - 'aaa'

Hays County's financial resilience is driven by the combination of its 'High' revenue control assessment and 'Midrange' expenditure control assessment, culminating in a 'High Midrange' budgetary flexibility assessment.

-- Revenue control assessment: High

-- Expenditure control assessment: Midrange

-- Budgetary flexibility assessment: High Midrange

-- Minimum fund balance for current financial resilience assessment: $\geq 10.0\%$

-- Current year fund balance to expenditure ratio: 46.3% (2024)

-- Lowest fund balance to expenditure ratio for the fiscal-year period 2020-2024: 46.3% (2024)

Revenue Volatility - 'Strongest'

Hays County's weakest historic three-year revenue performance is neutral to the Model Implied Rating.

The revenue volatility metric is an estimate of potential revenue volatility based on the issuer's historical experience relative to the median for the Fitch-rated local government portfolio. The metric helps to differentiate issuers by the scale of revenue loss that would have to be addressed through revenue raising, cost controls or utilization of reserves through economic cycles.

-- Lowest three-year revenue performance (based on revenues dating back to 2005): 5.2% increase for the three-year period ending fiscal 2013

-- Median issuer decline: -4.3% (2024)

DEMOGRAPHIC AND ECONOMIC STRENGTH

Population Trend - 'Strongest'

Based on the median of 10-year annual percentage change in population, Hays County's population trend is assessed as 'Strongest'.

Population trend: 4.8% Analyst Input (99th percentile) (vs. 5.0% 2023 median of 10-year annual percentage change in population)

Unemployment, Educational Attainment and MHI Level - 'Strong'

The overall strength of Hays County's demographic and economic level indicators (unemployment rate, educational attainment, median household income [MHI]) in 2024 are assessed as 'Strong' on a composite basis, performing at the 70th percentile of Fitch's local government rating portfolio. This is due to relatively strong education attainment levels, median-issuer indexed adjusted MHI and unemployment rate.

-- Unemployment rate as a percentage of national rate: 85.0% 2024 (69th percentile), relative to the national rate of 4.0%

-- Percent of population with a bachelor's degree or higher: 41.9% (2023) (77th percentile)

-- MHI as a percent of the portfolio median: 110.5% (2023) (62nd percentile)

Economic Concentration and Population Size - 'Strongest'

Hays County's population in 2023 was of sufficient size and the economy was sufficiently diversified to qualify for Fitch's highest overall size/diversification category.

The composite metric acts asymmetrically, with most issuers (above the 15th percentile for each metric) sufficiently diversified to minimize risks associated with small population and economic concentration. Downward effects of the metric on the Metric Profile are most pronounced for the least economically diverse issuers (in the 5th percentile for the metric or lower). The economic concentration percentage shown below is defined as the sum of the absolute deviation of the percentage of personal income by major economic sectors relative to the U.S. distribution.

-- Population size: 292,029 Analyst Input (above the 15th percentile) (vs. 281,697 2023 Actual)

-- Economic concentration: 33.8% (2024) (above the 15th percentile)

Analyst Inputs to the Model

Analyst inputs to the model reflect metric adjustments to account for historical data anomalies, forward-looking performance shifts, or non-recurring events that may

otherwise skew the time series.

Fitch used 2024 data for population trend as well as population size.

LONG-TERM LIABILITY BURDEN

Long-Term Liability Burden - 'Weak'

Hays County's carrying costs to governmental expenditures, liabilities to personal income, and liabilities to governmental revenue have deteriorated. The long-term liability composite metric in 2024 is at the 23rd percentile, indicating a somewhat elevated liability burden relative to the Fitch's local government rating portfolio.

-- Liabilities to personal income: 4.9% Analyst Input (54th percentile) (vs. 3.3% 2024 Actual)

-- Liabilities to governmental revenue: 356.2% Analyst Input (4th percentile) (vs. 241.0% 2024 Actual)

-- Carrying costs to governmental expenditures: 23.5% Analyst Input (8th percentile) (vs. 22.3% 2024 Actual)

Direct net debt was updated with the county's current series 2026 issuances, the county's series 2025 issuance, as well as outstanding debt amortized through fiscal 2025. In addition, debt service and governmental expenditures were adjusted with 2026 estimated debt service based on the debt service schedule provided in the county's current preliminary official statement.

PROFILE

Hays County, TX is located in between Austin and San Antonio, encompassing approximately 678 square miles. It is one of the fastest growing counties in the state and nation due to its proximity to the growth and economy in the surrounding major cities. The county's population has grown nearly 60% over the past 10 years. Additionally, the county's taxable assessed valuation (TAV) was approximately \$47 billion in 2024, a robust 97.3% increase 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

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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APPLICABLE CRITERIA

[U.S. Public Finance Local Government Rating Criteria \(pub. 02 Apr 2024\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

U.S. Local Government Rating Model, v1.2.0 ([1](#))

ADDITIONAL DISCLOSURES

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Hays County (TX)

EU Endorsed, UK Endorsed

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