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Research Update:

St. John the Baptist Parish, LA Series 2026 GO Bonds Assigned 'AA-' Rating

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Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to St. John the Baptist Parish, La.'s proposed $43 million series 2026 general obligation (GO) bonds.
- At the same time, we affirmed our 'AA-' underlying rating (SPUR) on the parish's GO debt outstanding.
- The outlook is stable.

Rationale

Security

The bonds are secured by ad valorem taxes levied without limitation as to rate or amount on all taxable property within the parish boundaries.

We understand that series 2026 bond proceeds will be used for water system upgrades to increase capacity.

Credit highlights

The rating reflects our view of St. John the Baptist Parish's robust reserve position and historically balanced-to-positive operating performance. We consider the concentrated taxing base, dependent on the oil and gas sector, an offset to the strength of the financial position.

Due to increased support for the criminal courts fund in fiscal 2025 (ended Dec. 31), officials expect a roughly $1 million operating deficit, and reduction in available reserve to approximately $5.5 million, or about 60% of budgeted revenue, which we still view as a healthy reserve position, and comparable with those of peers with similar levels of economic and taxpayer concentration. The parish is working with the local sheriff's office to increase fines and fees, and improve collections, to reduce future required transfers to the criminal courts fund from the general fund. We note that the general fund has historically relied on transfers from the economic development fund (consisting of sales tax revenue), which could introduce some fluctuations in operating performance, given the volatile nature of the underlying tax base. However, sales tax collections have increased in the last three years, including in fiscal years 2024 and 2025.

In mid-2025, Denka Performance Elastomer, formerly among the parish's leading taxpayers and employers, ceased operations. This closure resulted in the loss of approximately 200 jobs, and a modest hit to assessed value (AV). However, in December 2025, Element USA announced a significant investment in the parish in the form of an essential element extraction facility to support the aerospace and defense sectors. Total investment in the facility is estimated at $850 million, and officials expect the project to create up to 550 temporary construction jobs and contribute to an uptick in sales tax revenues for the parish when construction begins in 2027. The plant is scheduled to come online in 2028, and create 200 permanent, high-paying jobs. Given the ongoing project with significant expected impacts to employment and AV, and prospects for additional industrial expansion in the near term, we do not view the closure of Denka as a material negative shift in the local economy.

The 'AA-' rating further reflects our view of the following credit factors:

- St. John the Baptist Parish's taxing base is highly concentrated with economic dependence on the oil and gas sector. A material decline in population is projected, which is consistent with demographic trends throughout much of the state.
- Financial performance is typically balanced, supporting maintenance of robust reserves, which we view as an offset to the concentrated tax base. Management attributes the expected fiscal 2025 deficit to increased transfers to the criminal court fund but expects these costs to remain manageable in the future due to increased fees and stronger enforcement. We note that the parish enterprise funds have produced deficit operations in recent years, resulting in thin liquidity in these funds, creating the potential need for future general fund support. Management plans to increase utility rates annually through fiscal 2034 to improve enterprise operations and liquidity, as outlined in the parish's third-party utility rate study.
- Management uses historical trend analysis to inform current budget assumptions, in addition to discussion with leading taxpayers and the parish appraiser. For sales tax collections, management assumes 3% annual growth for budgeting purposes; actual collections have exceeded this rate of growth in recent years. Management reports that the parish conducts long-term capital planning on a rolling basis, although no documents were provided for our review. Formal policies govern minimum reserve levels (25% of expenditures) and investments. There is no policy for debt management, and the parish does not produce multiyear financial projections. Cybersecurity policies and practices are in line with those of peers.
- Debt and liabilities are elevated, but we expect current costs of debt service, pension, and other postemployment benefits contributions to remain manageable with the current issuance. We note that debt service carrying charges for fiscal 2024 are overstated, due to a refunding bond issuance. The parish may propose a bond referendum to voters in the June 2026 election for water system capacity expansions along the eastern and western banks of the Mississippi River. While the estimated project cost of $150 million is large, parish officials are actively seeking grant funding and state loans payable from utility revenues to offset public debt financing needs for this project. We do not expect additional debt issuance to materially influence our view of the debt and liabilities profile.
- For more information on our institutional framework assessment for Louisiana municipalities, see "Institutional Framework Assessment: Louisiana Local Governments," Sept. 9, 2024.

Environmental, social, and governance

Given the parish's proximity to the Gulf Coast, we consider it to have higher exposure to acute physical risks within our credit analysis, including severe weather events and intermittent flooding, as well as exposure to chronic physical risks, including sea-level rise, extreme heat, and drought. Although extreme weather events are typically temporary, recurrence and prolonged exposure to these events can negatively affect property tax bases, tourism activity, and the pace of economic development for affected local governments. Furthermore, the parish's share of employment and economic output derived from energy-related activities, primarily in the oil and gas sector, is elevated compared to the national average, which could lead to increasing regulatory challenges or costs as some sectors of the global economy focus on reducing greenhouse gas emissions through renewable energy. This type of transition could pressure local economic bases that rely on the energy industry for employment and economic activity. Social and governance factors are neutral considerations in our credit analysis.

Outlook

The stable outlook reflects our expectation that the parish will maintain healthy reserves in the next two years that we view as an offset to the concentrated taxing base. We also expect the parish to implement utility rate increases during the outlook horizon to improve enterprise operating performance and liquidity.

Downside scenario

We could lower the rating if financial performance deteriorates on a sustained basis, resulting in material depletion of reserves with no credible plan in place to restore them.

Upside scenario

All other rating factors remaining stable, we could raise the rating if economic expansion and diversification contribute to sustained improvement in economic output and income metrics, the parish adopts enhanced financial management policies and practices, and direct debt moderates.

St. John the Baptist Parish, Louisiana--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	3.10
Economy	6.0
Financial performance	2
Reserves and liquidity	1
Management	3.00
Debt and liabilities	3.50

St. John the Baptist Parish, Louisiana--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	106	--	106	94
County PCPI % of U.S.	68	--	68	70
Market value ($000s)	7,991,918	8,781,182	8,588,600	7,007,418

St. John the Baptist Parish, Louisiana--key credit metrics

	Most recent	2024	2023	2022
Market value per capita ($)	205,723	226,039	206,919	165,699
Top 10 taxpayers % of taxable value	67.2	69.6	54.9	--
County unemployment rate (%)	4.8	5.1	4.5	5.0
Local median household EBI % of U.S.	95	95	88	88
Local per capita EBI % of U.S.	84	84	78	71
Local population	38,848	38,848	41,507	42,290
Financial performance				
Operating fund revenues ($000s)	--	8,233	7,634	6,136
Operating fund expenditures ($000s)	--	11,455	10,640	11,280
Net transfers and other adjustments ($000s)	--	3,054	3,942	7,277
Operating result ($000s)	--	(168)	936	2,133
Operating result % of revenues	--	(2.0)	12.3	34.8
Operating result three-year average %	--	15.0	15.7	21.4
Reserves and liquidity				
Available reserves % of operating revenues	--	79.4	87.9	94.6
Available reserves ($000s)	--	6,537	6,711	5,806
Debt and liabilities				
Debt service cost % of revenues	--	53.7	16.8	11.0
Net direct debt per capita ($)	3,649	2,761	2,642	2,119
Net direct debt ($000s)	141,746	107,244	109,652	89,617
Direct debt 10-year amortization (%)	77	94	98	--
Pension and OPEB cost % of revenues	--	5.0	5.0	5.0
NPLs per capita ($)	--	182	183	298
Combined NPLs ($000s)	--	7,073	7,582	12,621

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List	
New Issue Ratings	
US$43,000,000 State John The Baptist Parish, Louisiana, General Obligation Bonds, Series 2026, dated: Date of Delivery, due: March 1, 2036	
Long Term Rating	AA-/Stable
Ratings Affirmed	
Local Government	
St. John the Baptist Parish, LA Unlimited Tax General Obligation	AA-/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.