

Research Update:

# Williamson County, TX Series 2026 Limited Tax Notes Assigned 'AAA' Rating

May 15, 2026

## Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to **Williamson County**, Texas' roughly \$135 million series 2026 limited tax notes.
- At the same time, we affirmed our 'AAA' long-term rating on the county's previously issued unlimited and limited tax general obligation (GO) debt.
- The outlook is stable.

## Rationale

### Security

The series 2026 and previously issued limited tax notes and bonds are payable from revenue from a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the county.

The unlimited tax road bonds outstanding are payable from revenue from a direct and continuing annual ad valorem tax levied, without legal limit as to rate or amount, on all taxable property within the county.

Texas statutes limit the maximum ad valorem tax rate for counties to 80 cents per \$100 of taxable assessed valuation for all county purposes. Administratively, the Texas attorney general will permit the allocation of 40 cents of the maximum tax rate for ad valorem tax debt service. Despite limitations imposed by the state levy limit law, we make no rating distinction for the limited tax GO pledge given the fungibility of the county's revenue and its flexibility under the levy limit.

Officials will use series 2026 bond and note proceeds to fund projects related to a new jail complex and for road projects.

### Credit highlights

The 'AAA' rating reflects our view of Williamson County's rapid tax base growth (amid substantial economic expansion), historically strong finances, and experienced management team.

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Williamson County is one of the fastest-growing counties in the nation, increasing its assessed value by 80% in the past five years as it continues to realize rapid economic development and benefit from its favorable location in the Austin-Round Rock metropolitan statistical area. The county's finances have historically been a credit strength, which we anticipate will continue, with multiyear surpluses and sizable general fund reserves that are maintained above the county's formal policy level. The county plans to use its excess reserves for capital projects and has a financial forecast dictating the amount of reserve spend-downs; we expect reserves will decline but will remain well above the policy level of 35% of expenditures through our outlook horizon given that officials are using reserves for discretionary capital projects and that the county regularly outperforms its budget.

The county expects to continue to issue debt annually as necessary to accommodate growth-based capital needs, which will keep its debt profile elevated, but we do not expect any budgetary pressure because growth will somewhat offset debt service costs on new issuances as the broadening tax base generates additional revenue, keeping costs manageable.

The rating reflects our assessment of the county's:

- Robust, growing economy with ongoing development, bolstered by access to the broad, diverse metropolitan statistical area and local incomes above the nation. We expect growth will continue outpacing the U.S with numerous residential and commercial developments ongoing.
- Positive operating performance for many years, allowing the county to maintain robust reserves. Even with the potential for a planned spend-down for capital, we anticipate that reserves will remain above the formal policy level of 35% of general fund expenditures and that spend-downs will be less than projected as strong revenue growth occurs year over year.
- Management team with a track record of maintaining fiscal stability by budgeting conservatively and planning comprehensively, including a focus on affordability, balancing cash-funded capital projects with debt issuances, needed to accommodate the rapid growth. Officials regularly update long-term capital and revenue/expenditure projections and provide regular updates to county officials. The county's cyber risk mitigation measures align with our view of its overall risk management policies and practices.
- Somewhat elevated debt and, despite plans for additional debt that will likely be annual, our anticipation that costs will not change materially or result in any pressure to the budget, further mitigated by the county's annual debt defeasance plan, which we view positively. Pension costs are affordable with the county normally meeting or exceeding our static and minimum funding metrics.
- For more information on our institutional framework assessment for Texas local governments, see "[Institutional Framework Assessment: Texas Local Governments](#)," Sept. 9, 2024.

## **Environmental, social, and governance**

We view the county's environmental, social, and governance factors as neutral in our credit rating analysis.

## **Rating above the sovereign**

Williamson County's GO debt is eligible to be rated above the sovereign because we believe the county could maintain better credit characteristics than the nation in a stress scenario. Under our criteria "[Ratings Above The Sovereign: Corporate And Government Ratings--Methodology And](#)

[Assumptions](#), Nov. 19, 2013, we consider U.S. local governments to have moderate sensitivity to national risk.

## Outlook

The stable outlook reflects our view of the county's prudent financial management that helps underpin budgetary stability amid evolving macroeconomic conditions. It also reflects our belief that the pace of the county's economic expansion, resulting in population and tax base increases, will help it maintain its robust financial profile and absorb additional debt costs.

### Downside scenario

We could lower the rating if financial performance deteriorates significantly outside of planned reserve drawdowns for capital expenditures, materially decreasing reserves without a plan to replenish them. We could also lower the rating if debt metrics worsen substantially.

### Williamson County, Texas--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	1.70
Economy	2.0
Financial performance	1
Reserves and liquidity	1
Management	1.00
Debt and liabilities	3.50

### Williamson County, Texas--key credit metrics

	Most recent	2025	2024	2023
<b>Economy</b>				
Real GCP per capita as % of U.S.	71	--	71	71
County PCPI as % of U.S.	104	--	104	103
Market value (\$000s)	135,688,806	130,461,560	120,921,079	106,996,097
Market value per capita (\$)	190,661	183,316	169,910	159,476
Top 10 taxpayers as % of taxable value	3.4	2.6	2.6	2.6
County unemployment rate (%)	3.3	3.3	3.6	3.5
Local median household EBI as % of U.S.	135	--	135	136
Local per capita EBI as % of U.S.	122	--	122	122
Local population	711,677	--	711,677	670,923
<b>Financial performance</b>				
Operating fund revenue (\$000s)	--	344,764	311,163	279,089
Operating fund expenditures (\$000s)	--	299,813	264,732	241,739
Net transfers and other adjustments (\$000s)	--	(30,040)	(11,239)	(10,880)
Operating result (\$000s)	--	14,911	35,192	26,470
Operating result as % of revenue	--	4.3	11.3	9.5
Operating result three-year average %	--	8.4	8.1	8.5

**Williamson County, Texas--key credit metrics**

	Most recent	2025	2024	2023
<b>Reserves and liquidity</b>				
Available reserves as % of operating revenue	--	54.3	54.9	55.1
Available reserves (\$000s)	--	187,247	170,707	153,655
<b>Debt and liabilities</b>				
Debt service cost as % of revenue	--	22.0	21.9	22.4
Net direct debt per capita (\$)	2,166	2,051	1,886	1,733
Net direct debt (\$000s)	1,541,590	1,459,684	1,342,273	1,162,864
Direct debt 10-year amortization (%)	76	73	75	--
Pension and OPEB cost as % of revenue	--	3	4	4
NPLs per capita (\$)	--	129	150	181
Combined NPLs (\$000s)	--	91,958	106,817	121,160

Financial data may reflect analytical adjustments and is 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. EBI--Effective buying income. GCP--Gross county product. NPL--Net pension liability. OPEB--Other postemployment benefits. PCPI--Per capita personal income.

**Ratings List**

**New Issue Ratings**

US\$135,000,000 Williamson County, Texas, Limited Tax Notes, Series 2026, dated: June 10, 2026, due: February 15, 2033

Long Term Rating AAA/Stable

**Ratings Affirmed**

**Local Government**

Williamson Cnty, TX Limited Tax General Operating Pledge AAA/Stable

Williamson Cnty, TX Unlimited Tax General Obligation AAA/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.

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