Research Update:

Bossier City, LA Sales Tax Revenue Bond Rating Raised To 'AA' On Coverage

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Overview

- S&P Global Ratings raised its long-term rating to ‘AA’ from 'AA-' on Bossier City, Louisiana’s series 2016 and 2017 sales tax revenue bonds outstanding, though we expect these bonds will be fully refunded by series 2026 refunding bond proceeds.
- At the same time, S&P Global Ratings assigned its 'AA' long-term rating to the city’s anticipated $13 million series 2026 public improvement sales tax refunding bonds.
- The outlook is stable.
- The rating action reflects our view of the city's extremely strong coverage as a result of revenue growth and moderation of debt service, along with our expectation that such coverage will be maintained based on our conversations with management.

Rationale

Security

Revenue from the city's electorate-approved 1% sales and use tax, with no sunset provision, secures the bonds.

The series 2016 and 2017 bonds have an additional bonds test (ABT) that requires more than 1.75x maximum annual debt service (MADS) coverage. The series 2026 bonds have an ABT requiring two years of 2x MADS coverage.

The bond proceeds will be used to fully refund Bossier City’s series 2016 and 2017 sales tax revenue bonds.

Credit highlights

The rating reflects our view of the city's extraordinarily strong coverage that we expect will remain significantly higher than the 2026 bonds’ 2x ABT, with our expectations for about 16x MADS coverage of the 2026 bonds given trends and continuing economic development. The rating further reflects our view of the city’s low revenue volatility given historically positive sales tax revenue trends.

Revenue from the 1% sales tax grew a cumulative 34% in the past five years, with a 7.5% decline in 2024 and a 7.9% bounceback in 2025. Continued economic development has supported sales tax revenue growth. While we believe sales tax growth will moderate, officials believe the development of a data center in the parish will provide construction jobs that in turn will lead to short-term stronger sales tax receipts while the data center is under development.

The rating further reflects our view of the city's:

- Strong-to-adequate economic fundamentals that reflect average incomes with a relatively sizeable population. We view Barksdale Air Force Base as a stabilizing presence, though we also believe that the base suppresses local incomes; the population on the base is about 14,500. The city is also a regional hub for gaming and some tourism.
- Extraordinarily strong coverage. The basis for our coverage assessment is the bonds' ABT. The series 2016 and 2017 bonds both carry a 1.75x MADS ABT, while the 2026 refunding bonds carry a 2x MADS ABT. Coverage has been maintained well above these levels and, projecting 2025 sales tax revenue through the life of the bonds and incorporating management's assumption that it will not issue parity debt, we expect coverage will be maintained near 16x MADS. Bond provisions require a debt service reserve fund funded at the standard three-pronged test.
- Low volatility of its pledged revenue stream given the overall growth in sales tax collections in the past decade, with the top 10 sales taxpayers making up only 20% of sales tax revenue. While revenue from the 1% sales tax fluctuated somewhat from 2023 through 2025, we believe sales tax revenue will remain stable throughout our outlook period, as officials expect growth in collections given the development of a data center within the parish that should support construction jobs and thus bring more activity to the city.
- Our view of the close relationship between the priority-lien rating and the city's general creditworthiness limits the rating to a one-notch differential. The priority-lien rating is not constrained by our view of Bossier City's general creditworthiness.
- Underlying creditworthiness characterized by its stable economy with below-average income metrics compared with those of the U.S.; historically healthy financial performance with sales taxes making up the largest portion of the city's revenue and a general fund balance at nearly 88% of fiscal 2025 revenue; and a manageable debt and fixed-cost burden.
- While physical risks related to hurricanes and flooding are elevated for many Louisiana municipalities, Bossier City's location in the northern portion of the state leads us to view physical risk as not materially elevated, especially compared with that of peers closer to the coast.

Outlook

The stable outlook reflects our expectation that coverage will remain significantly higher than the bonds' ABT, and that the city will not issue additional parity debt that dilutes coverage.

Downside scenario

If coverage declines significantly, whether as a result of revenue declines or issuance of parity bonds, we could consider negative rating action.

Upside scenario

If our view of the economy significantly improves as a result of significant growth and diversification that bring economic metrics to levels comparable to those of higher-rated peers, we could consider raising the rating.

Bossier City 1% Sales(2x ABT), Louisiana--key credit metrics

Economic data	
Economy	Adequate-strong
Pledged revenue taxing base	Bossier City
EBI level per capita % of U.S. (taxing base)	76
Population (taxing base)	62,340
Broad and diverse MSA	--
Financial data	
Revenue volatility	Low
Coverage and liquidity	Very strong
Baseline coverage assessment	ABT
MADS coverage (x)	16.06
MADS year	2032
Annual debt service coverage (x)	--
Pledged revenue 2-year CAGR (%)	(0.07)
Bond provisions	
ABT (x)	2.00
ABT type	MADS
ABT period	Historical
DSRF type	Lesser of 3-prong
Obligor relationship	
Obligor linkage	Close
PL rating limit (number of notches above OC)	1

Data points and ratios may reflect analytical adjustments. EBI--Effective buying income. MSA--Metropolitan statistical area. MADS-Maximum annual debt service. 2-year CAGR--2 periods of compound annual growth rate change over 3 years. ABT--Additional bonds test. DSRF--Debt service reserve fund. PL--Priority lien. OC--Obligor creditworthiness. 3-pronged test--MADS, 10% of principal, or 125% of average annual debt service.

Ratings List		
New Issue Ratings		
US$12.945 mil pub imp sales tax rfdg bnds ser 2026 due 12/1/2036		
New Rating		
Local Government		
Bossier City, LA 1% Sales Tax 2x ABT	AA/Stable	
Upgraded		
	To	**From**
Local Government		
Bossier City, LA 1% Sales Tax	AA/Stable	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.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.