

RATING ACTION COMMENTARY

Fitch Rates Maui County, HI's 2025 \$320 MM GO Bonds 'AA+';  
Outlook Stable

Thu 10 Jul, 2025 - 6:05 PM ET

Fitch Ratings - San Francisco - 10 Jul 2025: Fitch Ratings has assigned a 'AA+' rating to Maui County, HI's \$320 million general obligation (GO) bonds, series 2025.

In addition, Fitch has affirmed the following ratings for Maui County, HI at 'AA+':

- Issuer Default Rating (IDR);
- GO bonds series 2012, 2014, 2015, 2018, 2020, 2021 and 2022.

The Rating Outlook is Stable.

The series 2025 GO bonds are scheduled to price via competitive sale on July 23, 2025. Proceeds from the series 2025 GO bonds will be used to fund various capital improvement projects and reimburse the county for applicable funds already spent on capital needs.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			PRIOR ⚡
Maui County (HI) [General Government]	LT IDR	AA+	Affirmed	AA+

Maui County (HI) /General Obligation - Unlimited Tax/1 LT	LT	AA+	Affirmed	AA+
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VIEW ADDITIONAL RATING DETAILS

The 'AA+' IDR affirmation incorporates the county's 'aaa' financial resilience given its high midrange budgetary flexibility and Fitch's expectation that the county will maintain a robust level of reserves at or above 10% of spending.

The county's demographic and economic metrics are mixed. The population growth trend has been slowing, likely due to the limited development opportunities within the county and high cost of living, and the unemployment rate has experienced pandemic and post-pandemic fluctuations due in part to the county's reliance on the more volatile tourism sector. Despite the influence of the tourism sector, the county's economy is sufficiently diversified and of sufficient population size to provide resilience to economic shocks.

The county's long-term liability burden composite is midrange given the level of direct debt and Fitch-adjusted net pension liabilities compared to market value per capita and governmental revenues. Carrying costs associated with pensions, other post-employment benefits (OPEB), and debt service are notably above Fitch's portfolio median.

The county's tourism industry has been recovering from the pandemic, followed by devastating wildfires in August 2023 that caused significant damage in Lahaina on the west side of Maui Island and scattered damage near the Kula community. The county's own emergency reserves provided immediate financial assistance after the fires. The county also leveraged all available federal and state resources to address the longer-term needs, which has contributed to both physical and economic resilience and recovery.

Fitch notes the county's own emergency fund usage was minimal compared to the enormous financial resources already provided by the federal and state governments, as well as confirmed financial assistance of approximately \$1.6 billion from the federal government for additional fire response costs for the next few years.

Future disasters beyond the August 2023 fires could be more costly to the county directly, given possible changes in federal policy. These changes in federal policy are expected to

shift future disaster response and financial assistance away from the federal government and more toward state and local governments. This shift could cause financial stress on local and state governments when responding to future disasters, given the uncertainty regarding the severity of future disasters and the readiness of local and state governments to take on disaster responsibility previously overseen by the federal government. The credit impacts are unknown currently.

## **RATING SENSITIVITIES**

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

--A decline in unrestricted general fund reserves below 10% of general fund spending and transfers out, the minimum level for 'aaa' financial resilience with high-midrange budgetary flexibility;

--An approximately 25% increase in long-term liabilities assuming current levels of governmental expenditures, revenues, and property market values.

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

--An approximately 50% decrease in long-term liabilities assuming current levels of governmental expenditures, revenues, and property market values.

## **SECURITY**

The GO bonds are payable from an unlimited property tax levied on all taxable property within the county's jurisdiction. The county's full faith and credit are pledged to the punctual payment of the bonds' principal and interest.

## **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**

Maui County Model Implied Rating: 'AA+' (Numerical Value: 9.28)

-- Metric Profile: 'AA+' (Numerical Value: 9.28)

-- Net Additional Analytical Factor Notching: 0.0

Maui County's Model Implied Rating is 'AA+'. The associated numerical value of 9.28 is at the lower end of the 9.0 to 10.0 range for a 'AA+' rating.

## **KEY RATING DRIVERS**

### **FINANCIAL PROFILE**

#### **Financial Resilience - 'aaa'**

Maui 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: 50.1% (2024)

-- Lowest fund balance to expenditure ratio for the fiscal-year period 2020-2024: 44.9% (2020)

#### **Revenue Volatility - 'Weak'**

Maui County's weakest historic three-year revenue performance has a modest negative impact on 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): 8.2% decrease for the three-year period ending fiscal 2013

-- Median issuer decline: -4.5% (2024)

## **DEMOGRAPHIC AND ECONOMIC STRENGTH**

### **Population Trend - 'Weakest'**

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

Population trend: 0.2% Analyst Input (17th percentile) (vs. 0.4% 2023 median of 10-year annual percentage change in population)

### **Unemployment, Educational Attainment and MHI Level - 'Midrange'**

The overall strength of Maui County's demographic and economic level indicators (unemployment rate, educational attainment and median household income [MHI]) in 2024 are assessed as 'Midrange' on a composite basis, performing at the 60th percentile of Fitch's local government rating portfolio. This is due to relatively midrange education attainment levels, high median-issuer indexed adjusted MHI, and low unemployment rate.

-- Unemployment rate as a percentage of national rate: 87.5% Analyst Input (66th percentile) (vs. 110.0% 2024), relative to the national rate of 4.0%

-- Percent of population with a bachelor's degree or higher: 30.1% (2023) (50th percentile)

-- MHI as a percent of the portfolio median: 112.5% (2023) (64th percentile)

### **Economic Concentration and Population Size - 'Strongest'**

Maui 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: 164,754 (2023) (above the 15th percentile)

-- Economic concentration: 42.0% Analyst Input (above the 15th percentile) (vs. 0.0% 2024 Actual)

Due to lack of countywide sector-specific data readily available, Fitch uses the state median concentration based on income levels per sector as a proxy for the county's economic concentration. Fitch used the 2024 population trend and unemployment rate in the input section.

## **LONG-TERM LIABILITY BURDEN**

### **Long-Term Liability Burden - 'Midrange'**

Maui County's liabilities to personal income and liabilities to governmental revenue remain strong while carrying costs to governmental expenditures remain midrange. The long-term liability composite metric in 2024 is at the 56th percentile, roughly in line with Fitch's local government rating portfolio.

-- Liabilities to personal income: 4.3% Analyst Input (60th percentile) (vs. 3.7% 2024 Actual)

-- Liabilities to governmental revenue: 140.1% Analyst Input (68th percentile) (vs. 140.1% 2024 Actual)

-- Carrying costs to governmental expenditures: 15.5% Analyst Input (45th percentile) (vs. 16.1% 2024 Actual)

Due to the high number of second homes and tourism-based businesses within the county, instead of using resident personal income Fitch uses the liabilities to market value ratio as a proxy to determine the liability burden.

The OPEB and pension liabilities have been scaled to just the estimated governmental activities level.

Fitch uses the benefits payment for OPEB within the carrying cost metric. The state requires counties to pay the full actuarially determined contribution and has shown flexibility by temporarily ending this requirement during times of economic stress. Fitch considers the requirement as a credit positive, given its goal of reducing the county's OPEB liabilities. By using the benefits payment within the carrying cost metric, this puts the county's payment toward OPEB more in line with the majority of Fitch's portfolio that funds OPEB on a pay-go status and provides better comparison between credits.

Fitch also adjusted out-year debt service and levels based on estimated amortized debt amounts.

The default model uses the fiscal 2024 total governmental expenditures and revenues to determine the long-term liability burden. Fitch applied a forward-looking approach on the 2025 GO bonds' effects to total governmental expenditures and revenue by adjusting these amounts by 21%. This amount approximates the growth in property tax between 2024 and fiscal 2026, the year the GO bonds will be issued.

## **PROFILE**

The county serves a population of around 164,000 (approximately 12% of the state total) on the islands of Maui, Molokai and Lanai. The county also includes the uninhabited island of Kahoolawe. The economy remains highly reliant on the tourism sector. Hotels and resorts remain major employers and taxpayers, with a quarter of county employment in the leisure and hospitality sector. Six of the county's top 10 employers are hotels, resorts and timeshares. Historically, Maui's tourism sector has maintained a strong fundamental base despite the volatility associated with economic cycles.

## **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>.

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

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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

[Dodd-Frank Rating Information Disclosure Form](#)

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## ENDORSEMENT STATUS

Maui County (HI)

EU Endorsed, UK Endorsed



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