FitchRatings

Maryland Transportation Authority (MD)

Ratings

Maryland Transportation Authority (MD) /Transportation Revenues – First-Lien	AA

Outlook

Stable

Applicable Criteria

Infrastructure & Project Finance Rating Criteria (January 2025)

Transportation Infrastructure Rating Criteria (January 2025)

Related Research

Fitch Affirms Maryland Transportation Auth's Transportation Facilities Revs at 'AA'; Outlook Stable (August 2025)

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The rating reflects the Maryland Transportation Authority’s (MDTA) role as a vital system that provides diverse transportation links in the Mid-Atlantic region, demonstrated traffic levels with resilience to economic cycles and a pricing framework that allows for strong rate-making flexibility. The rating is further supported by robust financial metrics. MDTA's substantial liquidity position, with over 700 days cash on hand (DCOH) as of fiscal 2024, coupled with conservative debt management policies, provides additional support to the rating. Fitch Ratings will continue to monitor MDTA's plans for rebuilding Francis Scott Key Bridge and sources of funds to be used for the project.

Key Rating Drivers

Revenue Risk – Volume – ‘High Stronger’

Critical Transportation Network

MDTA revenues are derived from a diverse system of seven mature assets and the Inter County Connector, which provide critical transportation links in an affluent, high-volume market with limited competing facilities. The system's legacy facility transactions have historically experienced low elasticity, even when numerous significant toll increases have been introduced. Fitch considers the system's passenger and commercial toll rates to be moderate relative to peers.

Revenue Risk – Price – ‘Stronger’

Demonstrated Toll Increases

The authority has independent rate-setting powers and a demonstrated ability to raise rates to maintain financial flexibility and meet internal policies. Management expects to raise toll rates to maintain the required 2.0x coverage.

Infrastructure Development and Renewal – ‘Stronger’

Prudent Capital Planning

The authority's facilities are in good condition. The approximately $5.1 billion fiscal years 2026–2031 capital program prioritizes system preservation, while also supporting expansion and congestion relief. Major capital investments include the Francis Scott Key Bridge replacement, the I-95 Express Toll Lanes Northbound Extension, and a range of preservation and enhancement projects. Funding is strategically allocated among projects, with the bridge replacement comprising the largest portion of the program.

Debt Structure – ‘Stronger’

Conservative Debt Structure

All MDTA's debt is senior ranking, fully amortizing and fixed-rate, supported by an adequate covenant package, which includes surety-policy-backed debt service reserve funds. The authority operates according to a policy of maintaining a debt service coverage ratio (DSCR) above 2.0x, unencumbered cash above $400 million, and a statutory bond cap of $4.0 billion.

Financial Profile

MDTA has a track record of strong financial flexibility, evidenced by solid DSCRs and moderate leverage. The DSCR of 3.6x in fiscal 2024 was robust, although slightly below Fitch's prior base case expectation of 3.7x. Fitch's 10-year rating case DSCR averages a solid 2.0x. Leverage is projected to rise to 8.5x by fiscal 2029 from 2.7x in fiscal 2024, as the authority is expected to continue issuing debt, but it remains consistent with the rating. Liquidity remained strong in fiscal 2024, although balances are expected to partially decline as the authority executes its capital program.

Peer Analysis

Like MDTA, Florida Turnpike Enterprise (FTE; AA/Stable) and Pennsylvania Turnpike Commission (PTC; senior: AA-/Stable; subordinate: A/Stable) are essential facilities with strong catchments and limited direct competition. All three entities have considerable ongoing capital needs. The average rating case DSCRs for MDTA and FTE are comparable, but MDTA's leverage exceeds FTE's, as additional debt is expected to be issued over the medium term. PTC's higher debt burden compared to both MDTA and FTE results in higher leverage, commensurate with PTC's lower ratings.

Rating Sensitivities

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

- An inability to maintain current coverage policy, leading to a sustained Fitch rating case 10-year average DSCR below 2.0x. This compares to the current rating case 10-year average DSCR of 2.0x.
- Funding needs for the Francis Scott Key Bridge reconstruction that require additional bonds, causing a substantially lower average DSCR and higher leverage than in Fitch's rating case.

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

- At the current rating level, a further upgrade is unlikely due to political risks inherent to toll systems.

Overview

MDTA operates a system of toll facilities across Maryland, specifically in the Baltimore and Washington, D.C. metropolitan statistical areas. Eight toll facilities are included in the system: Thomas J. Hatem Memorial Bridge, John F. Kennedy Memorial Highway, Fort McHenry Tunnel, Baltimore Harbor Tunnel, Francis Scott Key Bridge, Intercounty Connector, William Preston Lane Jr. Memorial (Bay) Bridge, and Governor Harry W. Nice Memorial Bridge.

Security

The 2022 TIFIA loan and outstanding Transportation Facilities Project revenue bonds are secured by a first lien on the net revenues of the Transportation Facilities Projects.

Latest Developments

For the first eleven months of fiscal 2025, total system in-lane traffic has increased by 1% compared with the same period in the prior year. In fiscal 2024, total system in-lane traffic rose by 1.5% relative to fiscal 2023. Despite the ongoing reconstruction of the Francis Scott Key Bridge, a substantial proportion of transactions and revenues has been retained within the system, as the Baltimore Harbor Tunnel and Fort McHenry Tunnel, both MDTA assets, continue to serve as the primary alternative routes across the Baltimore Harbor.

MDTA delivered strong financial performance in fiscal 2024, underpinned by robust toll collections totaling $761 million across its diversified toll system. Total revenues were 3.9% below Fitch’s base case expectations, while operating expenses exceeded base case projections by 7.8%, reflecting ongoing investments in personnel, infrastructure maintenance, and customer service. MDTA maintained a healthy DSCR of 3.6x, well above policy requirements. Fitch views the credit as well-supported by strong financial management and proactive capital planning throughout the year, even amid operational disruptions such as the Key Bridge collapse.

The authority's substantial liquidity position of $733 million in unrestricted cash and a DCOH of 761 days in fiscal 2024 provides a cushion and is sufficient to fund the entire fiscal 2025 operating budget and debt service. Management expects to increase toll rates in the near term, though the structure of toll and fee increases is still under discussion. This toll increase will maintain the MDTA Board policy of 2.0x coverage.

The six-year fiscal 2026–2031 Consolidated Transportation Program totals $5.1 billion, with a primary focus on the Francis Scott Key Bridge rebuild and system expansion initiatives. Approximately 27% of the program is funded on a pay-go basis, while the remainder will be financed through new debt issuance and short-term financing for the Key Bridge reconstruction prior to federal reimbursements.

At the time of the 2024 collapse, MDTA estimated the reconstruction cost of the Key Bridge between $1.7 billion and $1.9 billion, with a goal to finish the new bridge by the end of 2028. The project is moving forward under a progressive design-build process in partnership with the Federal Highway Administration (FHWA), with updated costs and schedule being evaluated as design work advances. Funding is fully secured through 100% FHWA reimbursement. MDTA is managing upfront expenses using cash reserves, $350 million in insurance proceeds, short-term financing, and operating revenues.

Key Features

Project Summary Data

Project type	Toll Facility - Turnpike
Project location	Baltimore, Maryland
Project status	Operation
Revenue basis	Actual
Applicable regulation	U.S. and State Law
Operator	MDTA

Source: Fitch Ratings

Financial Summary Data

Rated debt terms	$2.1 billion of senior fixed-rate debt outstanding.
Amortization profile	Debt service is $142.9 million in fiscal 2024, increasing thereafter with new issuances.
Reserves	• DSRF: three-pronged test, least of i) MADS, ii) 125% annual debt service, or iii) 10% bonds outstanding; to be met with cash, securities, or surety. • Rate Covenant: 1.2x DSCR, after funding the M&O reserve.

Transaction triggers	• ABT:
	  • DSCR greater than or equal to 1.2x for 12 consecutive months in 18;
	  • DSCR greater than or equal to 1.2x until four years after relevant project completion;
	  • Estimated DSCR greater than or equal to 1.20x MADS in the fifth year after project completion;
	  • no event of default.
	• TIFIA loan: ABT also includes a DSCR greater than or equal to 2.0x and minimum cash tests.

Technical advisors	T&R Consultants: CDM Smith & Jacobs.

DSRF – Debt service reserve fund. MADS – Maximum annual debt service. M&O – Maintenance and operations. ABT – Additional bonds test. T&R – Traffic and revenue.
Source: Fitch Ratings

Financial Profile and Fitch Cases

Current Cases

Fitch's cases include MDTA's expectations to maintain debt service coverage above 2.0x, and for additional debt issuance over the medium term. Unrestricted cash and other applicable cash balances are kept at the $400 million cash policy requirement.

Fitch's base case assumes that fiscal 2025 toll revenue aligns with management's expectations and achieves a compound annual growth rate (CAGR) of 4.5% through 2034. Concession revenues and toll administrative charges are projected to be in line with the sponsor's assumptions. Operating expenses are based on management's budget and are expected to grow at a CAGR of 4.1% through 2034. Under this scenario, the average DSCR over 10 years is 2.2x, and net leverage is 7.8x in year five (2029).

The rating case assumes a 4% decline in toll revenue in fiscal 2026, reflecting the decline experienced by the turnpike system in prior economic downturns. Toll revenues are projected to recover over a three-year period. The Fitch rating case also assumes a more muted benefit from planned toll rate increases, resulting in a total revenue CAGR of 4.0% through 2034. Operating expenses are assumed to grow at a rate 50 basis points higher than in the base case. Under these assumptions, the 10-year average DSCR is a solid 2.0x, with net leverage increasing to 8.5x in year five. Despite recessionary pressures, rating case metrics remain robust and consistent with the current rating level.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

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