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Research Update:

Regional Transportation District, CO Series 2026B Sales Tax Revenue Refunding Bonds Rated 'AAA'; Outlook Stable

September 3, 2026

Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to the Regional Transportation District (RTD), Colorado's estimated $265.8 million series 2026B sales tax revenue refunding bonds (FasTracks project).
- The outlook is stable.

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Rationale

Security

A first lien on a 0.4% sales tax and 0.6% sales tax, both levied within RTD's boundaries, secure the FasTracks bonds.

RTD will apply the series 2026 bond proceeds to refund all or a portion of the district’s series 2010B sales tax revenue bonds (Direct Pay Build America Bonds) outstanding.

As of June 30, 2026, RTD had approximately $2.6 billion in debt outstanding, including $2.2 billion in FasTracks sales tax revenue bonds, $497 million of the Taxpayer's Bill of Rights portion of the Eagle P3 service payments, and $266 million in certificates of participation (COPs) and lease purchase agreements. The district previously had senior-lien sales tax bonds outstanding for the base system that had a first lien upon the 0.6% sales tax. The lien securing the senior bonds is closed and the bonds reached final maturity in 2024.

Credit highlights

RTD provides mass transit services to a large, growing service area focused on the Denver-Boulder-Aurora metropolitan statistical area (MSA). Pledged revenue grew 2.5% to $868.7 million for 2025, and 2026 year-to-date sales tax revenue through June 2026 is approximately 2.3% above 2025 year-to-date revenue through June 2025 and 1.9% above budget. We believe that RTD's strong and resilient sales tax revenue performance, supported by the size, maturity, and diversity of Denver's coverage area, and restrictions on additional debt issuance will continue to produce very strong coverage supportive of the rating.

The rating reflects our view of RTD's:

- Broad and diverse sales tax collection area that includes more than half of the state's population (over 3.3 million people), with income levels above the U.S. average;
- Very strong coverage and liquidity, reflective of historical maximum annual debt service (MADS) coverage that has consistently exceeded the 2.0x additional bonds test (ABT) at 4.36x for fiscal 2025;
- Pledged revenue source with relatively low volatility that has exhibited great resilience through different economic cycles and that has grown by an annual average of 5% in fiscal years 2015-2025; and
- Linkage that we view as having a mitigated relationship to the obligor's creditworthiness and that does not constrain RTD’s sales tax rating.

Rating above the sovereign

The district's bonds are eligible to be rated above the sovereign, because we believe the district can maintain better credit characteristics than the U.S. in a stress scenario. See our criteria "Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions," Nov. 19, 2013, for more information. The district's locally derived revenue is the source of security for the bonds, and the institutional framework in the U.S. is predictable, with significant local government autonomy. In a potential sovereign default scenario, U.S. local governments would maintain financial flexibility through the ability to continue collecting locally derived revenue, and U.S. local governments have independent treasury management.

Outlook

The stable outlook reflects our expectation that the district will maintain MADS coverage well above very strong levels, supported by additional debt limitations, low revenue volatility, and very strong economic fundamentals.

Downside scenario

A significant decline in coverage to levels that we no longer consider very strong due to reduced sales tax collections could result in a lower rating.

Credit Opinion

Economic fundamentals: very strong

RTD develops, maintains, and operates mass transit services, and levies the pledged sales tax, across a vast portion of the Denver-Boulder-Aurora MSA. The district consists of the City and County of Denver; most of the City and County of Broomfield; the counties of Boulder and Jefferson; and portions of Adams, Arapahoe, Douglas, and Weld counties. It covers 2,349 square miles and 40 cities and towns. RTD's service area population consists of more than 3.3 million people in eight counties, or nearly 56% of the state's population. Over the past decade, the district experienced significant population growth, although the pace has moderated in recent years. While inmigration from out-of-state residents, particularly from other parts of the country, continues to support growth, recent trends indicate a slight slowdown in population increases and transit ridership, reflecting broader shifts in work patterns and housing affordability challenges across the Denver metropolitan area and the Rocky Mountain region.

Coverage and liquidity: very strong

We assess coverage based on the ABT of 2x MADS, which we consider strong to very strong. RTD has consistently maintained robust MADS coverage, ranging from 3.55x to 4.36x between fiscal years 2019 and 2025. Our 2025 MADS coverage calculation of 4.36x is based on the estimated debt service following the issuance of the series 2026B refunding bonds. Pledged revenue would need to decline by 53% for MADS coverage to fall to the 2x ABT threshold.

The ABT requires 2x MADS coverage from pledged revenue collected over any 12 consecutive months within the previous 18 months for both existing and proposed parity bonds. The lien on senior sales tax bonds is closed; no new senior bonds can be issued under the indenture.

In 2004, voters authorized up to $3.48 billion of FasTracks sales tax bonds for transit capital improvements. RTD has exhausted this authorization and can now only issue refunding bonds without new voter approval. There is no TABOR capacity to permit the issuance of additional FasTracks bonds or current plans to issue certificates of participation. RTD is considering a 2028 ballot measure for a tax increase and additional debt authorization, but details are not yet available.

Long-term projections for 2026-2030 assume a 5.2% compound annual growth rate for sales and use taxes, based on University of Colorado Leeds School of Business forecasts. S&P Global Ratings projects U.S. GDP growth slowing to 2.1% in 2026 and 1.9% in 2027-2028 (from 2.8% in 2024), so we view the 5.2% sales tax growth assumption as somewhat aggressive, especially given growth below 1.0% in 2023 and 2024 despite favorable macroeconomic conditions, and 2.5% growth in 2025. (See “Credit Conditions North America Q3 2026: Peace Plan Calms The Waters,” June 25, 2026.)

The 0.6% and 0.4% sales and use taxes are not subject to TABOR limitations, and we do not expect TABOR revenue growth limits to pressure MADS coverage.

Revenue volatility: low

Based on historical trends, we expect RTD's sales tax revenue collections will remain relatively stable across different economic cycles, supported by the broad and diverse tax base. Sales tax revenue declined 10% in 2009 (during the Great Recession), but quickly rebounded, surpassing 2008's level within three years. Pledged revenue also remained relatively stable through the pandemic, declining 4% in fiscal 2020, then growing by 20% in fiscal 2021 and 13% in fiscal 2022. Sales tax revenue growth has since slowed to an average of 0.5% in 2023 through 2025.

Obligor linkage: mitigated relationship

The State of Colorado Department of Revenue collects RTD's sales and use tax receipts. Once revenues are collected, the department transfers the pledged tax revenue to the trustee for the bonds. Each month, the trustee deposits revenue sufficient to cover one-sixth of annual interest requirements and one-twelfth of annual principal requirements before remitting the remainder to the district.

Because the pledged revenue flows directly from the state to the trustee, we consider the flow of pledged revenue substantially removed from the district's direct control. Under our criteria, this mitigates the linkage between the priority-lien pledge and the obligor's creditworthiness, lessening the exposure of the pledged revenue stream to the obligor's operating risks. We also believe that as a mass transit operating entity providing a critical public service, RTD does not demonstrate an extraordinary ability to reduce expenditures during periods of stress.

Regional Transportation District, Colorado--key credit metrics

Economic data	
Economy	Very strong
Pledged revenue taxing base	Denver MSA
EBI level per capita % of U.S. (taxing base)	133
Population (taxing base)	3,300,000
Broad and diverse MSA	Yes
Financial data	
Revenue volatility	Low
Coverage and liquidity	Very strong
Baseline coverage assessment	ABT
MADS coverage (x)	4.34
MADS year	2036
Annual debt service coverage (x)	7.49
Pledged revenue 2-year CAGR (%)	0.78
Bond provisions	
ABT (x)	2.00
ABT type	MADS
ABT period	Historical
DSRF type	Other
Obligor relationship	
Obligor linkage	Mitigated
PL rating limit (number of notches above OC)	2

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.

Ratings List	
New Issue Ratings	
US$265.795 mil sales tax rev rfdg bnds (Fastracks Project) ser 2026B due 11/01/2050	
Long Term Rating	AAA/Stable