

Illinois State Toll Highway Authority (IL)

The rating reflects the essentiality of the tollway system, evidenced by its long-term growing traffic base and moderate price elasticity. The rating further reflects the Illinois State Toll Highway Authority's (ISTHA) prudent debt management, with strong historical and projected debt service coverage ratios (DSCRs), while a major capital program is underway. According to Fitch Ratings, the potential risks posed by ISTHA's sizable capital program are largely mitigated by a history of delivering capital programs on time and under budget, a very strong balance sheet position, and a proactive history of toll rate hikes when needed.

Key Rating Drivers

Revenue Risk – Volume – ‘High Stronger’

Essential Road Network with Stable Demand

The tollway system provides critical transportation links that serve the Chicago and northern Illinois metropolitan area, providing key connections to interstate highways. Prior to the pandemic, ISTHA had consistent growth in both commercial and passenger vehicles, attesting to demand in the reference market. Price elasticity has proven relatively inelastic for passenger traffic and even more so for commercial vehicles. The network benefits from a passenger vehicle base, comprised mostly of commuters.

Revenue Risk – Price – ‘Stronger’

Demonstrated Rate-Making Flexibility

ISTHA has full legal authority to adjust toll rates at its discretion without limitation. The authority has a multi-decade history of implementing occasional and significant rate hikes to sustain a strong financial profile and limit borrowing needs. Future toll increases beyond the authorized annual inflationary commercial rate increases are uncertain.

Infrastructure Development and Renewal – ‘Midrange’

Large Capital Plan Partially Debt Funded

ISTHA's system requires significant capital expenditures (capex) in order to maintain the condition of the system, as evidenced by the large Move Illinois and Bridging the Future capital programs. Funding is expected to come from new money debt issuances and cash flow, supported by recent and future toll increases. The authority completed its previous significant capital program, the Congestion Relief Program, on time and under budget.

Debt Structure – ‘Stronger’

Conservative Debt Profile

All debt is senior lien and fully amortizing. Further, ISTHA has taken steps to stabilize its capital structure, as evidenced by eliminating its variable rate exposure and transitioning to all fixed-rate debt. Structural features are strong overall, and the authority maintains cash- and surety-funded debt service reserve funds with a combined balance sized to maximum annual debt service.

Ratings

Illinois State Toll Highway
Authority (IL) / Toll Revenues –
First-Lien AA-

Outlook

Stable

Applicable Criteria

[Transportation Infrastructure Rating Criteria \(January 2025\)](#)

[Infrastructure & Project Finance Rating Criteria \(January 2025\)](#)

Related Research

[Fitch Rates Illinois State Toll Highway Auth.'s Series 2024A Sr. Revenue Bonds 'AA-'; Outlook Stable \(December 2023\)](#)

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Financial Profile

The current tollway system's \$7 billion debt burden is expected to increase to over \$8 billion in conjunction with the completion of the Move Illinois capital program. However, the authority's net debt-to-cash flow available for debt service (CFADS) is moderate at approximately 4.4x for fiscal 2024 and is not expected to rise above 7.0x as a result of the future execution of the Move Illinois program. By fiscal 2029, leverage is expected to decline to 5.0x in Fitch's rating case.

ISTHA's DSCR has historically been above 2.0x. DSCR increased from 2.3x in fiscal 2023 to 2.5x in fiscal 2024. Fitch's rating case projects DSCR to average approximately 1.9x. Strong liquidity of over 850 days cash on hand as of fiscal 2024 provides the authority with additional financial flexibility, although this is expected to contract to partly fund the Move Illinois program.

Peer Analysis

The closest Fitch-rated large expressway network peers include Harris County Toll Road Authority (HCTRA; AA/Stable) and Central Florida Expressway Authority (CFX; A+/A/Stable), despite ISTHA's significantly larger annual volume and toll revenue base. The authority has higher coverage than CFX but lower coverage and greater capital needs compared to HCTRA, which largely explains its rating relative to these peers.

Rating Sensitivities

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

- DSCR falling below 1.8x for a sustained period;
- A persistent, rising interest rate environment, given the authority's borrowing needs over the near future.

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

- Sustained Fitch rating case DSCR at or above 2.5x, including all future debt issuances.

Overview

ISTHA operates a system of toll highways in northern Illinois that includes the Chicago suburbs. The system consists of 294 miles of limited access highways, all of which are part of the Interstate Highway System. Five toll facilities are included in the system: the Jane Addams Memorial, Tri-State, Reagan Memorial, Veterans Memorial, and IL-390.

Security

The authority's debt is secured by a pledge and lien on the net revenues of the tollway system. Net revenues are defined in the indenture as the annual revenue of the system less operating expenses. Revenues exclude transfers to the revenue fund from the construction fund, and transfers to the trustee by the authority from the system reserve account, the improvement account, or the renewal and replacement account. According to bond counsel, the Build America direct payment subsidy is not treated as revenues under the indenture.

Latest Developments

Total transactions in fiscal 2024 increased by 2.4% compared with the prior year and 2.7% above Fitch's previous base case, highlighting continued growth in a relatively mature system. Passenger transactions rose 2.2% in the first six months of 2025 compared with the same period in 2024, while commercial transactions increased 1.0% over the same period.

Toll revenues for fiscal 2024 increased 4.4% compared with the prior year and 2.3% above Fitch's previous base case. The annual commercial toll increase primarily drove higher toll revenues. The tollway's fiscal 2024 total operating revenues were approximately \$1.7 billion, an increase of 6.1% from fiscal 2023. Operating expenses increased 1.3% compared with the previous fiscal year. Fiscal 2024 DSCR rose to 2.5x from 2.3x in fiscal 2023, mainly due to controlled operating expenses, continued traffic growth, and the annual commercial toll increase.

The authority plans to issue approximately \$1.5 billion in additional senior bonds on parity with all outstanding senior bonds. Proceeds will finance a portion of the Move Illinois Program's costs. The amount and timing are estimates and subject to change.

As cash flow and the overall program schedule permit, the authority may adjust the timing of individual projects within existing budgets to reduce project costs, minimize construction impacts on commuters, or optimize the use of available resources in response to temporary delays.

Key Features

Project Summary Data

Project type	Toll Facility - Expressway
Project location	Chicago metropolitan area
Project status	In operation
Revenue basis	Volume
Concession granting authority	State of Illinois
Applicable regulation	U.S. and Illinois Law
Operator	ISTHA; Illinois Department of Transportation

Source: Fitch Ratings

Financial Summary Data

Rated debt terms	\$7.0 billion in outstanding toll highway senior revenue bonds as of fiscal year-end 2024.
Amortization profile	Debt matures through Jan. 2046. Outstanding debt service rises to over \$550 million by 2028.
Reserves	Debt service reserve fund equal to maximum annual debt service (MADS) and is funded with cash or securities.
Transaction triggers	<ul style="list-style-type: none"> Rate Covenant: 1.30x net revenues. Additional Bonds Test: 1.30x net revenues for any 12 consecutive months out of the preceding 18 months.

Source: Fitch Ratings

Financial Profile and Fitch Cases

Current Cases

Due to recent performance that is broadly in-line with Fitch's prior base case, the current base and rating cases have not been updated for this report.

Fitch adopts traffic and revenue from the authority's sponsor case as its base case. ISTHA's traffic increases at a compound annual growth rate (CAGR) of 2.1% through fiscal 2032. Operating expenses grow at a CAGR of 4.0% for the forecast term. The DSCR averages 2.0x and does not drop below 1.9x, assuming no further passenger car toll rate increases. This scenario includes an anticipated \$1.5 billion in new money bonds for the Move Illinois program. Although debt outstanding grows to over \$8 billion by the end of the program, leverage peaks at 6.4x in fiscal 2025. The base case results in year-five net debt to CFADS of 4.6x in fiscal 2029.

Fitch's rating case assumes more conservative traffic growth and a less positive impact on transactions from the Move Illinois capital improvements, such that total traffic grows at a 1.6% CAGR through fiscal 2032. Operating expenses grow at 50 bps higher than the base case each year. All additional Move Illinois debt service is modeled identically to the base case. Under this scenario, the average DSCR, assuming no further passenger toll increases, is 1.9x. Leverage is 5.0x in fiscal 2029.

In addition, Fitch analyzed MADS coverage using projected fiscal 2025 CFADS from its rating case. Coverage is 1.8x, indicating limited reliance on growth, as the fiscal 2025 CFADS can cover the projected escalation in annual debt service from additional Move Illinois borrowing. The tollway's strong franchise strength, combined with its robust financial metrics and very limited dependence on growth, remain commensurate with the 'AA' category rating.

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