

# Research

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## Summary:

# Illinois State Toll Highway Authority; Toll Roads Bridges

### Primary Credit Analyst:

Andrew Bredeson, Englewood + 1 (303) 721 4825; [andrew.bredeson@spglobal.com](mailto:andrew.bredeson@spglobal.com)

### Secondary Contact:

Kurt E Forsgren, Boston + 1 (617) 530 8308; [kurt.forsgren@spglobal.com](mailto:kurt.forsgren@spglobal.com)

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## Credit Highlights

- S&P Global Ratings' long-term rating on the Illinois State Toll Highway Authority's (ISTHA) toll highway senior revenue bonds outstanding is 'AA-'.
- The outlook is stable.

## Security

Net revenues of the ISTHA toll system secure the authority's toll highway revenue bonds. A debt service reserve (DSR) equal to maximum annual debt service (MADS), of which 83% is cash-funded and the remainder of the requirement is satisfied with a DSR financial guaranty from Berkshire Hathaway Assurance Corporation, provides additional liquidity to bondholders.

Following principal payments due Jan. 1, 2025, ISTHA has approximately \$6.9 billion in bonds outstanding, consisting entirely of senior-lien, fixed-rate bonds. The authority projects issuing new-money bonds of \$500 million in 2025 and \$1 billion in 2026, which it expects will complete the debt financing portion of the \$15 billion Move Illinois Program (MIP). No additional new-money debt issuances are anticipated beyond 2026 for the MIP, nor does ISTHA currently plan to issue any debt to approve its \$2 billion Bridging the Future capital program for 2026-2031. ISTHA has no variable-rate debt, direct-purchase obligations, or swaps outstanding.

## Credit overview

The rating reflects the tollway system's important role as a regional urban infrastructure provider, with critical transportation links in northern Illinois that include the deep and diverse Chicago metropolitan statistical area (MSA), despite the existence of nontolled alternatives. The rating also reflects our expectation that generally favorable traffic trends, toll rate increases, and management's ability to adjust operating expenditures and defer capital spending, if needed, will enable ISTHA to maintain debt service coverage (DSC; S&P Global Ratings-calculated) at levels we consider strong (near 2x) as it issues additional new-money bonds to complete the debt financing portion of its large

capital improvement program.

Key credit strengths, in our opinion, are:

- The system's role as a regional urban infrastructure provider, with critical transportation links in northern Illinois that include the deep and diverse Chicago MSA, despite the existence of free alternatives;
- DSC and debt-to-net revenue that we expect will be maintained at levels we consider strong (near 2x) and very strong (below 10x), respectively, supported by generally favorable traffic volumes, toll rate increases, and good revenue diversity, with commercial vehicles and passenger cars currently accounting for about 52% and 48% of total toll revenues, respectively;
- Exceptional liquidity, with unrestricted cash reserves totaling over 800 days' cash on hand for estimated fiscal 2024 and averaging 969 days for audited fiscal 2018 through fiscal 2023, and that we expect will remain extremely strong because ISTHA intends to fund its capital program primarily from current toll revenues and revenue bond proceeds; and
- ISTHA's very strong management and governance, reflecting the authority's history of meeting or exceeding most operational and financial goals, detailed financial forecasting that is updated frequently to address material variances, and a very capable staff that has considerable experience operating a regional tolling agency.

These credit strengths, in our view, are somewhat offset by ongoing capital needs, with about \$1.5 billion in planned additional debt to be issued in 2025 and 2026 to complete the debt financing of the MIP. ISTHA's 2026-2031 Bridging the Future capital program does not currently include any debt needs, with lower annual capital requirements to be funded primarily from toll revenues. While we expect the near-term additional issuances will drive a significant increase in ISTHA's debt service requirements--24% higher in fiscal 2028 versus fiscal 2023--we do not foresee a material weakening in performance or debt metrics.

### **Environmental, social, and governance**

We analyzed ISTHA's environmental, social, and governance (ESG) risks relative to its market position, management and governance, and financial performance, and determined that all are neutral in our credit rating analysis.

## **Outlook**

The stable outlook reflects our assessment of the high and relatively price-inelastic demand for authority facilities during our two-year outlook period, allowing ISTHA the flexibility to raise tolls as needed to ensure continued strong financial performance.

### **Downside scenario**

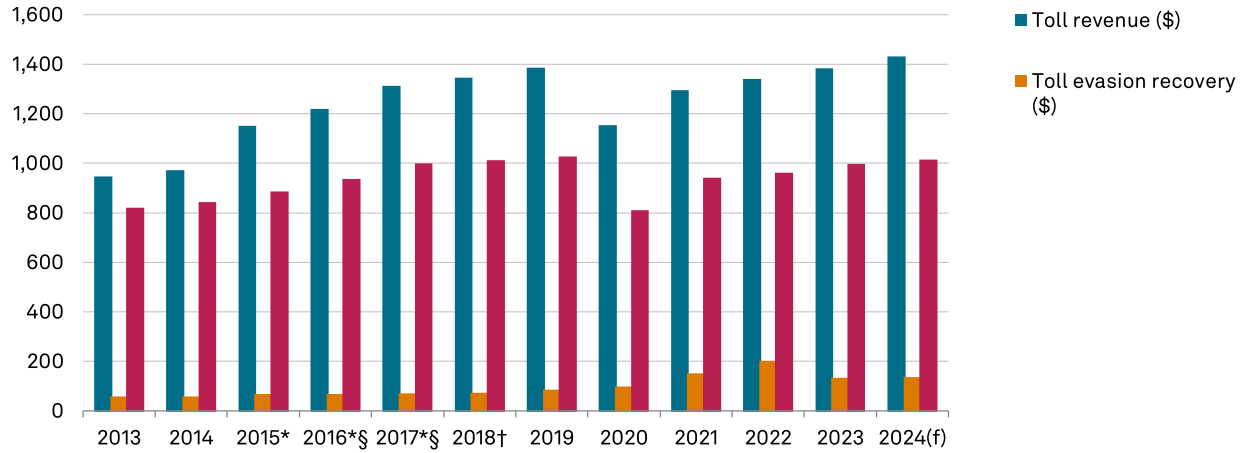
We could lower the rating over the two-year outlook period if ISTHA's traffic volume is significantly lower than forecast or if the authority materially draws down its unrestricted cash reserves to fund capital needs.

### **Upside scenario**

Although unlikely, we could raise the rating in the next two years if we believe ISTHA can maintain S&P Global Ratings-calculated DSC near 2x, debt-to-net revenue below 5x, and days' cash above 800 days on hand, as it finances its capital needs.

**Chart 1**

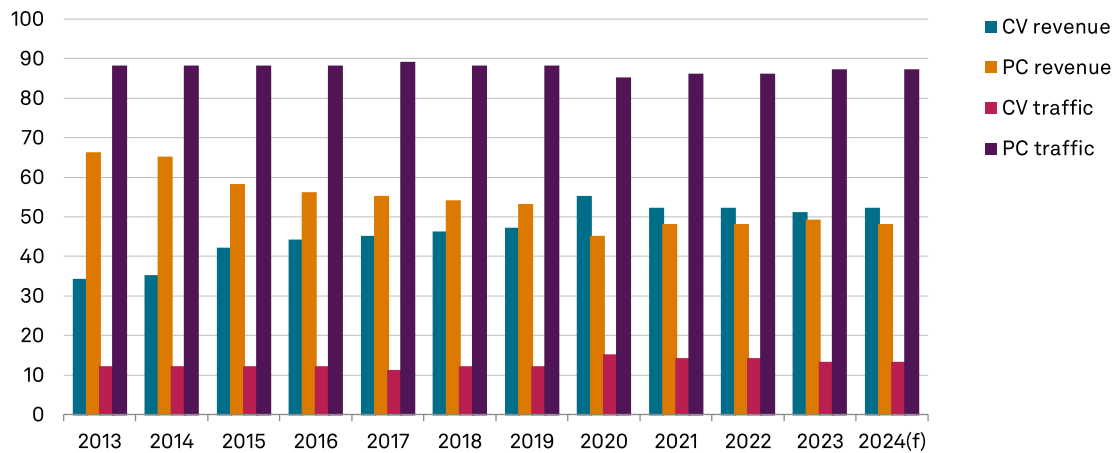
**ISTHA historical toll revenue, toll evasion recovery, and traffic**  
(Mil.)



\*Year in which passenger car or commercial vehicle toll rates were adjusted. §Portions of IL 390 opened in July 2016 and November 2017. †Start of annual inflation-based commercial vehicle rate increases. Source: ISTHA 2023 annual comprehensive financial report and traffic engineer's report included in series 2024A OS. Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

**Chart 2**

**ISTHA historical toll revenue and traffic mix by vehicle class**  
(as a % of total toll revenue and total traffic)



PC--Passenger car. CV--Commercial vehicle. Source: ISTHA annual comprehensive financial report. Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

**Table 1**

Illinois State Toll Highway Authority, Illinois--Financial and operating data								
--Year ended Dec. 31--								
	Forecast 2024	2023	2022	2021	2020	2019	2018	Medians for 'AA' category toll roads 2023
<b>Financial performance</b>								
Total operating revenue (\$000)	1,576,059	1,529,376	1,554,480	1,459,804	1,260,951	1,484,506	1,436,403	738,774
Plus: interest income (\$000)	75,000	86,808	25,764	2,369	13,726	39,834	34,389	--
Plus: other committed recurring revenue sources (\$000)*	13,629	13,571	13,571	13,631	13,611	13,555	15,205	--
Less: total O&M expenses excluding noncash expenses (\$000)	416,018	417,955	367,771	358,783	380,679	394,143	402,010	202,338
Numerator for S&P Global Ratings' coverage calculation (\$000)	1,248,670	1,211,800	1,226,044	1,117,021	907,609	1,143,752	1,083,987	--
Total debt service (\$000)	517,878	514,857	500,297	467,926	442,114	419,460	424,244	--
Denominator for S&P Global Ratings' coverage calculation (\$000)	517,878	514,857	500,297	467,926	442,114	419,460	424,244	--
S&P Global Ratings-calculated coverage (x)	2.4	2.4	2.5	2.4	2.1	2.7	2.6	2.4
Indenture coverage reported by the ISTHA (x)	2.4	2.3	2.4	2.3	2.1	2.8	2.6	--
<b>Debt and liabilities</b>								
Debt (\$000)§	7,047,200	7,330,102	6,874,785	7,019,855	6,456,360	6,085,621	5,994,680	2,207,126
EBIDA (\$000)		1,111,421	1,186,709	1,101,021	880,272	1,090,363	1,034,393	--
S&P Global Ratings-calculated net revenue (\$000)	1,322,398	1,211,800	1,226,044	1,117,021	907,609	1,143,752	1,083,987	513,784
Debt to net revenue (x)	5.6	6.0	5.6	6.3	7.1	5.3	5.5	5
<b>Liquidity and financial flexibility</b>								
Unrestricted cash and investments (\$000)	1,001,080	1,269,497	976,756	1,142,118	1,072,763	1,216,113	1,070,168	668,556
Unrestricted days' cash on hand (excluding credit facilities)	878	1,109	969	1,162	1,029	1,126	972	1,079
Available liquidity to debt % (excluding credit facilities)	14.2	17.3	14.2	16.3	16.6	20	17.9	17
<b>Operating metrics</b>								
Total toll revenue (\$000)	1,427,359	1,379,065	1,336,521	1,292,370	1,149,020	1,380,751	1,341,051	--

**Table 1**

Illinois State Toll Highway Authority, Illinois--Financial and operating data (cont.)								
--Year ended Dec. 31--								
	Forecast 2024	2023	2022	2021	2020	2019	2018	Medians for 'AA' category toll roads 2023
Toll transactions (000)	1,010,982	992,970	957,135	936,595	806,650	1,023,222	1,008,952	184,505

The forecast unrestricted cash and investments balance was provided by the ISTHA. Historical data above sourced or derived from ISTHA financial audits. \*Refers to BAB subsidy payments. §Excludes unamortized bond premium. O&M--Operations and maintenance. EBIDA = Total operating revenue - total O&M expenses excl. noncash expenses. S&P Global Ratings-calculated net revenue = (total operating revenue + interest income + other recurring nonoperating revenue committed to debt service) - total O&M expenses excl. noncash expenses. Available liquidity = unrestricted cash and investments. See "Global Not-For-Profit Transportation Infrastructure Enterprises: Methodologies And Assumptions" criteria for more S&P Global Ratings definitions and calculations. Medians were taken from the article, "U.S. Not-For-Profit Transportation Infrastructure 2023 Medians: Demand And Revenue Growth Improved Financial Medians To Post-Pandemic Highs," published Nov. 12, 2024.

### Credit Snapshot

- Organization description: The ISTHA is an instrumentality and administrative agency of the State of Illinois that provides for the construction, operation, regulation, and maintenance of a system of toll highways within the state. The ISTHA is empowered to enter into contracts; acquire, own, use, hire, lease, operate, and dispose of personal and real property, including rights-of-way, franchises and easements; establish and amend resolutions, bylaws, rules, and regulations; fix and revise tolls; acquire, construct, relocate, operate, regulate, and maintain the tollway system; exercise the power of eminent domain; and contract for services and supplies, including services and supplies for the various patron service areas on the tollway system. The authority has the exclusive right to determine, fix, impose, and collect tolls for the use of the tollway system. There is no other State of Illinois executive, administrative, or regulatory body or regional or local governmental or regulatory body with the authority to limit or restrict such rates and charges. The authority is governed by an 11-member board of directors that includes the governor of Illinois, ex officio, and the secretary of the Illinois Department of Transportation, ex officio. Nine directors are appointed by the governor, with the advice and consent of the Illinois Senate. Appointed and reappointed board members serve four-year terms. No more than five directors may be from the same political party. Of the directors appointed by the governor, one is appointed by the governor as chairman of the authority.
- Rate covenant: The ISTHA covenants that in each fiscal year, tolls will be set such that net revenues will at least equal the net revenue requirement, which is defined as the sum of the amount necessary to cure deficiencies, if any, in the debt service account, debt reserve account, any junior bond debt service account, and any junior bond debt service reserve account plus the greater of: aggregate senior debt service, the junior bond revenue requirement, and the renewal and replacement deposit, or 1.3x aggregate senior debt service.
- ISTHA's debt management guideline: Target annual DSC at or near 2x.

### Ratings Detail (As Of January 10, 2025)

Illinois St Toll Hwy Auth (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Current
Illinois St Toll Hwy Auth (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Current

Many issues are enhanced by bond insurance.

*Summary: Illinois State Toll Highway Authority; Toll Roads Bridges*

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 [www.spglobal.com/ratings](http://www.spglobal.com/ratings) for further information. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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