

Research Update:

Illinois State Toll Highway Authority Series 2025A Senior Revenue Bonds Assigned 'AA-' Rating; Outlook Stable

October 24, 2025

Overview

- S&P Global Ratings assigned its 'AA-' rating to the [Illinois State Toll Highway Authority](#) (ISTHA)'s anticipated \$500 million series 2025A toll highway senior revenue bonds.
- At the same time, we affirmed our 'AA-' rating on ISTHA's senior-lien toll highway revenue bonds outstanding.
- The outlook is stable.

Rationale

Security

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

ISTHA will use series 2025A bond proceeds to reimburse itself for project expenditures made from unrestricted cashflow to fund capital projects, make a deposit to the debt reserve fund, and pay costs of issuance.

Post-issuance and at fiscal year-end 2025, ISTHA will have approximately \$7.4 billion in principal outstanding, consisting entirely of senior-lien, fixed-rated bonds. The authority projects issuing new money bonds of \$500 million around fourth-quarter 2026 and \$500 million around midyear 2027, completing the debt financing of the \$15 billion Move Illinois Program (MIP). ISTHA has no variable-rate debt, direct-purchase obligations, or swaps outstanding.

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Credit highlights

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 ratings also reflect a positive holistic adjustment to better reflect the overall creditworthiness of ISTHA, as a mature and large regional toll system that has exhibited resilient traffic and revenue trends through different economic cycles, with a long history of employing fiscally conservative management practices to maintain strong margins by adjusting rates and expenditures.

Furthermore, the rating reflects our expectation that certain factors will enable the authority to maintain debt service coverage (DSC; S&P Global Ratings-calculated) at levels we consider strong (near 2x) as it issues new-money bonds to complete the debt financing portion of the current capital improvement program. These factors include ISTHA's generally favorable traffic trends, toll rate increases, and management's ability to adjust operating expenditures and defer capital spending, if needed. Furthermore, we believe these factors will support overall credit stability as ISTHA deploys unrestricted cash and revenue to fund projects in its Bridging the Future capital program in 2025 through 2031.

Key credit strengths, in our opinion, are:

- The multi-asset 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 revenue, respectively;
- Liquidity we expect to fall below recent years' very strong levels to adequate-to-strong, but remain credit supportive, as the authority transitions to cash and pay-as-you-go revenue funding under its Bridging the Future capital program through 2031; and
- ISTHA's very strong management and governance, reflecting the authority's history of meeting or exceeding most operational and financial goals, a detailed financial forecast updated frequently to address material variances, and a very capable staff that has considerable experience operating a regional tolling agency.

In our view, these credit strengths are somewhat offset by ongoing capital needs and the authority's plans to reduce its available liquidity by about 30% through fiscal 2027 and perhaps further through fiscal 2030, as it funds its capital program. The authority plans to issue \$1 billion in additional debt through fiscal 2027 as it concludes the current MIP. Transitioning to the Bridging the Future program, no additional borrowings are planned, and the authority plans to use available cash to fund capital projects. While we expect this will result in liquidity declining to levels we consider adequate-to-strong, we believe overall credit fundamentals will continue to support the current rating.

Environmental, social, and governance

We analyzed ISTHA's environmental, social, and governance risks relative to its market position, management and governance, and financial performance, and determined that all are credit neutral.

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. The stable outlook further reflects our expectation that the authority's liquidity position and ability to adjust its capital program will enable it to preserve sufficient financial flexibility to support the current rating.

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 pace or magnitude of ISTHA's drawdown of unrestricted cash significantly outpaces the current financial forecast and we believe this is indicative of increasing financial stress and a material reduction in financial flexibility.

Upside scenario

Although unlikely, we could raise the rating in the next two years if we believe ISTHA's financial metrics improve to levels comparable with those of higher-rated peers even as it finances its capital needs.

Credit Opinion

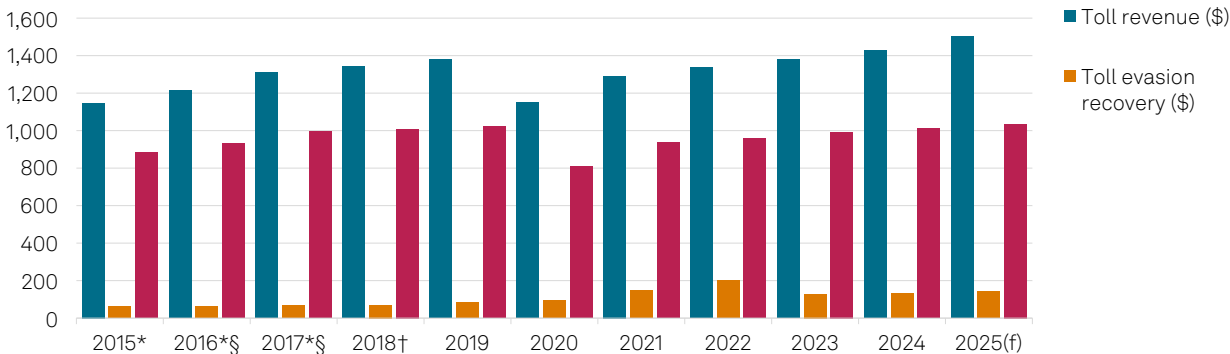
Enterprise Risk Profile: Very Strong

Steady growth for passenger and commercial vehicle traffic projected to continue

ISTHA projects that total toll transactions and booked toll revenue across its five tollways for the fiscal year ended Dec. 31, 2025, will increase to 109% and 101%, respectively, of 2019 levels. If realized, this would mark a new all-time high in toll transactions for the first time since 2019. Rising commercial traffic volumes and commercial vehicle toll rate increases offset lower passenger traffic volumes after the onset of the COVID-19 pandemic in early 2020, and both vehicle classes have seen steady transaction growth in recent years. The authority projects growth across both vehicle classes and a stable mix slightly skewed toward commercial vehicle traffic in 2025 (see chart 2).

All tolls are collected electronically along ISTHA's 294-mile system. Approximately 86% of toll transactions are collected from I-PASS transponders and 14% are collected based on video capture of license plate information. Evaded tolls average about 13% for the system, with evasion recovery efforts resulting in net leakage of about 4%, on average. The tollway system has good revenue diversity with commercial vehicles and passenger cars each accounting for about half of total toll revenue (see charts 1 and 2).

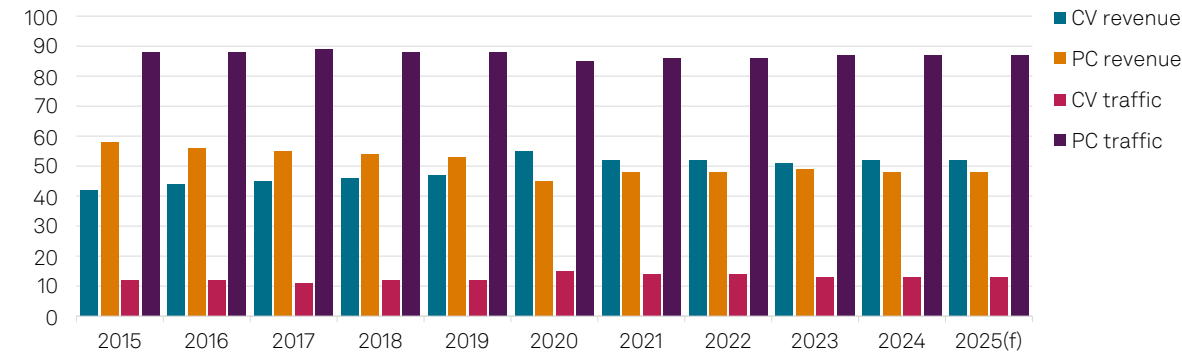
ISTHA historical toll revenue, toll evasion recovery, and traffic
(Mil.)



Source: S&P Global Ratings.*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 2024 annual comprehensive financial report and traffic engineer's report included in series 2025A OS. f--Forecast.

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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. f--Forecast. Source: ISTHA annual comprehensive financial reports and traffic engineer's report included in series 2025A OS.
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Management insights: Capable team that can deliver a large-scale capital plan

Management has a long track record of achieving its financial and operational goals such as maintaining annual DSC near or above 2x, which it has done consistently. Management has also consistently provided very good financial disclosure, which includes publishing budget documents, quarterly and annual financial reports, and monthly traffic and toll revenue reports. ISTHA has a relatively simple capital structure, with only long-term fixed-rate debt outstanding.

Financial Risk Profile: Strong

Additional debt of \$1 billion to complete the MIP, followed by cash spend down during the Bridging the Future capital program

At the completion of the 16-year, \$15 billion MIP, customers will have a largely rebuilt, state-of-the-art system and critical new regional projects intended to improve mobility, relieve congestion, reduce pollution, create jobs, and stimulate the economy. Following the series 2025 issuance, the authority plans to issue \$1 billion in additional debt split between late 2026 and midyear 2027. Approximately \$10 billion of the MIP addresses maintenance of the existing system and the remaining \$5 billion funds system expansion projects. Approximately 90% of the program is complete or bid out, and \$6.3 billion in debt will finance the program, in total. The MIP is anticipated to be substantially complete in 2028.

The \$2 billion Bridging the Future program will run through 2031 and focus on system modernization and maintenance projects to keep the system in a state of good repair. ISTHA does not plan to issue any new debt under this new program. The authority’s current financial forecast details about \$300 million-\$500 million in annual spending under Bridging the Future for fiscal years 2027 through 2030. The forecast includes another estimated \$400 million-\$500 million in potential capital spending over that span, related to maintaining the system. Based on this projected spending, the authority’s unrestricted cash is projected to fall to roughly \$700 million for fiscal 2027 and potentially to about \$550 million in fiscal 2030. While lower than recent levels, we still consider this amount nominally robust. Furthermore, we note a significant portion of the capital spending included in the forecast is considered flexible and could be absorbed into the capital program, funded by toll revenue, or added to a future program. We note that the pro forma liquidity figure shown in the publishing table below is a conservative estimate, and that actual liquidity typically exceeds this line item in the authority’s forecast by an average of about \$225 million per year.

Strong traffic levels and annual commercial rate increases to support steadily strong DSC

A traffic engineer's report in connection with this bond issuance reasonably assumes average annual growth in toll revenue and transactions of about 4 % and 3%, respectively, for 2025-2030. It then assumes transaction growth flattens to less than 1% annually thereafter, through 2050, while annual rate increases drive projected 2% revenue growth for 2031-2050. The authority has not adjusted passenger rates since 2012. It increases commercial rates annually based on changes to the consumer price index (CPI-U).

The authority’s forecast indicates DSC will hit a low of 2.1x in fiscal 2027 and rise marginally thereafter. We view favorably the authority’s track record of DSC above its targeted 2x level. Given annual commercial rate increases, robust long-term forecasting, and very strong management and governance, we expect DSC generally in line with the authority’s forecast and supportive of our current assessments and rating.

Illinois State Toll Highway Authority--ratings score snapshot

Enterprise risk profile	1
Economic fundamentals	1
Industry risk	2
Market position	2

Illinois State Toll Highway Authority--ratings score snapshot

Enterprise risk profile	1
Management and governance	2
Financial risk profile	3
Financial performance	3
Debt and liabilities	2
Liquidity and financial flexibility	3

Illinois State Toll Highway Authority--financial and operating data

	--Fiscal year ended Dec. 31--						Medians for 'AA' category rated toll roads
	2027 forecast	2024	2023	2022	2021	2020	2023
Financial performance							
Total operating revenue (\$000s)	1,790,000	1,600,758	1,529,376	1,554,480	1,459,804	1,260,951	738,774
Plus: interest income (\$000s)	47,000	88,037	86,808	25,764	2,369	13,726	MNR
Plus: other committed recurring revenue sources (\$000s)*	N/A	13,629	13,571	13,571	13,631	13,611	MNR
Less: total O&M expenses and like transfers out, if any, net of noncash expenses	487,000	423,663	418,015	367,771	358,783	380,679	202,338
Numerator for S&P Global Ratings' coverage calculation (\$000s)	1,350,000	1,278,761	1,211,740	1,226,044	1,117,021	907,609	MNR
Total debt service (\$000s)	630,000	518,295	514,857	500,297	467,926	442,114	165,145
Denominator for S&P Global Ratings' coverage calculation (\$000s)	630,000	518,295	514,857	500,297	467,926	442,114	MNR
S&P Global Ratings-calculated coverage (x)	2.14	2.47	2.35	2.45	2.39	2.05	2.43
Debt and liabilities							
Debt (\$000s)\$	7,996,000	7,051,368	7,330,102	6,874,785	7,019,855	6,456,360	2,207,126
EBIDA (\$000s)	1,303,000	1,177,095	1,111,361	1,186,709	1,101,021	880,272	MNR
S&P Global Ratings-calculated net revenue (\$000s)	1,350,000	1,278,761	1,211,740	1,226,044	1,117,021	907,609	513,784
Debt to net revenue (x)	5.9	5.5	6.0	5.6	6.3	7.1	5.0
Liquidity and financial flexibility							
Unrestricted cash and investments (\$000s)	787,000	985,063	1,269,497	976,756	1,142,118	1,072,763	668,556
Unrestricted days' cash on hand	590.0	848.7	1,108.5	969.4	1,161.9	1,028.6	MNR
Available liquidity to debt (%)	9.8	14.0	17.3	14.2	16.3	16.6	MNR
Operating metrics - toll road							
Total toll revenue (\$000s)	1,615,000	1,439,339	1,379,065	1,336,521	1,292,370	1,149,020	MNR

Illinois State Toll Highway Authority--financial and operating data

	--Fiscal year ended Dec. 31--						Medians for 'AA' category rated toll roads
	2027 forecast	2024	2023	2022	2021	2020	2023
Toll transactions (000s)	1,075,310	1,016,452	992,970	957,135	936,595	806,650	184,505

The forecast data was provided by the ISTHA and forecast metrics calculated by S&P Global. 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. N/A--Not applicable. MNR--Median not reported.

Credit Snapshot

- Organization description: ISTHA is an instrumentality and administrative agency of the State of Illinois to provide for the construction, operation, regulation, and maintenance of a system of toll highways within the state. 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: ISTHA covenants that in each fiscal year, tolls will be set such that net revenue 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 debt service coverage at or near 2x.

Ratings List

New Issue Ratings

US\$500,000,000 The Illinois State Toll Highway Authority, Toll Highway Senior Revenue Bonds, 2025 Series A, dated: Date of Delivery, due: January 1, 2047

Long Term Rating	AA-/Stable
Ratings Affirmed	
Transportation	
Illinois St Toll Hwy Auth, IL Toll Facility Revenues	AA-/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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 <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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