

CREDIT OPINION

25 September 2025



Send Your Feedback

Contacts

Ted Hampton +1.212.553.2741
VP-Sr Credit Officer
ted.hampton@moody's.com

Jillian Goveas +1.212.553.4162
Ratings Associate
jillian.goveas@moody's.com

Hetty Chang +1.212.553.9376
Associate Managing Director
henrietta.chang@moody's.com

CLIENT SERVICES

Americas 1-212-553-1653
Asia Pacific 852-3551-3077
Japan 81-3-5408-4100
EMEA 44-20-7772-5454

Massachusetts (Commonwealth of)

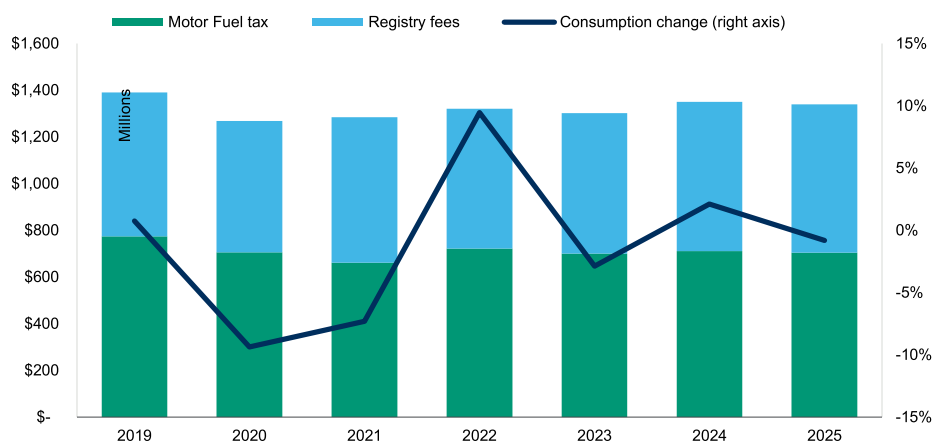
Update to credit analysis: Commonwealth Transportation Fund

Summary

The Commonwealth Transportation Fund (CTF) bonds issued by the [Commonwealth of Massachusetts](#) carry a rating equal to the state's issuer rating (Aa1, stable). The CTF program's credit is supported by robust legal protections of pledged revenue, very strong debt service coverage from state motor fuel taxes and vehicle registry fees, and an additional bonds test requiring 4.0 times debt service coverage. Growth in pledged revenue, as shown in Exhibit 1, has been sluggish; the 10-year CAGR (equal to zero through fiscal 2025) incorporates tepid fee revenue growth and declining fuel tax collections. Including the 2025 bonds, coverage of maximum annual debt service (MADS) by actual fiscal 2025 revenue is 4.6 times. Pledged motor fuel taxes and registry fees are remitted monthly to the bond trustee. Annual legislative appropriation is required for payment, but the revenue cannot be used for other purposes until debt service is provided for, which largely offsets this risk.

Exhibit 1

Sluggish growth in pledged revenue reflects weak motor fuel consumption trends
Annual pledged revenue (left axis) and change in motor fuel used (right axis)



Source: Commonwealth of Massachusetts bond offering documents.

Credit strengths

- » A strong additional bonds test that requires 4.0 times coverage of MADS, and the government's covenant to refrain from changes to pledged revenue that would result in MADS coverage falling below that level
- » Constitutional dedication of pledged revenue to transportation purposes and provisions barring pledged revenue use until CTF debt service has been provided for

- » Strong MADS coverage from pledged revenue, even factoring planned 2025 issuance

Credit challenges

- » Need for annual legislative appropriation for payment of debt service
- » Lack of separation of pledged revenue, which is collected by the Department of Revenue and Registry of Motor Vehicles before being remitted on a monthly basis to the bond trustee
- » Vulnerability to stagnant or declining motor fuel tax collections

Rating outlook

The stable outlook is based on Massachusetts' financial management strengths and its financial reserves, which will accommodate moderating revenue growth even if spending pressures intensify and will help address challenges that emerge in an unexpected economic downturn.

Factors that could lead to an upgrade

- » Upgrade of Massachusetts' issuer rating
- » Revision of revenue collection legal provisions to create direct flow of funds to the bond trustee

Factors that could lead to a downgrade

- » Downgrade of Massachusetts' issuer rating
- » Factors such as unexpected revenue declines that materially weaken debt service coverage
- » Legislative failure to appropriate annual debt service payments

Key indicators

Exhibit 2

CTF program background

Pledged revenue	Taxes on gasoline and special fuels; motor carrier tax; vehicle registration and other motor vehicle fees	
Additional bonds test	4.0 x MADS	
MADS before 2025 bonds	5.0 x	
MADS coverage including 2025 bonds	4.6 x	

Trend information

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Debt outstanding (millions)	\$ 2,875.79	\$ 3,146.07	\$ 3,436.24	\$ 3,873.46	\$ 4,053.68
Pledged revenue (millions)	\$ 1,284.3	\$ 1,320.1	\$ 1,301.4	\$ 1,350.0	\$ 1,339.9
Annual change in revenue	1.3%	2.8%	-1.4%	3.7%	-0.75%

Source: Commonwealth of Massachusetts offering and disclosure documents

Profile

The Commonwealth of Massachusetts is the 16th-largest state by population, with an estimated 7.1 million residents as of 2024, according to the US census. Its gross domestic product, at \$780.7 billion in 2024, ranks 12th among the states, according to the Bureau of Economic Analysis.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Detailed credit considerations

Characteristics of the revenue base

The pledged revenue constitutes a somewhat broad base, with a mix of taxes on motor fuels collected by the state's Department of Revenue and motor vehicle fees received by the Registry of Motor Vehicles (RMV). Motor fuel taxes consist of a 24 cents per gallon tax on gasoline¹ and an equal levy on special fuels, and a motor carrier tax assessed on fuels used in Massachusetts but bought elsewhere. Fuels account for slightly more than half of pledged revenue (about 53% in fiscal 2025). The registry fee component includes vehicle registrations, licenses and other fees paid to the RMV.

Total pledged revenue performance in recent years has been stagnant, with a 10-year CAGR through fiscal 2025 of 0%. Volatility typically has been modest, although pledged revenue tumbled 8.8% in fiscal 2020, a period that included the worst effects of the pandemic.

Fuel tax collections are driven by total gallons of motor fuel sold as well as the tax rate levied by the state. Through fiscal 2025, the state's total gasoline use fell 9.5% from the 2019 pre-pandemic level. Significant declines in revenue likely would trigger corrective action, such as addition of other revenue or increases to fees or taxes. The state has not raised its motor fuels tax since a three-cent increase (to 24 cents a gallon from 21 cents) effective July 31, 2013.

Fuel consumption trends reflect economic, demographic and behavioral factors, including adoption of electric vehicles and hybrids, and the prevalence of remote work. The state reports that EVs represented slightly less than 1.84% of its total registered vehicles as of July 2025. Adoption of EVs – which to date has been impeded by comparatively high sticker prices, lack of public charging infrastructure and other factors – is unlikely to pose a material threat to pledged revenue, but it will constrain growth increasingly in coming years.

Debt service coverage

Pledged revenue in fiscal 2025 (which ended June 30, 2025) provided just over 5.0 times coverage of MADS from bonds already outstanding. With the 2025 Commonwealth Transportation Fund bond offering, which includes \$325 million par amount of new debt and an estimated \$168.2 million of refunding bonds, MADS coverage is projected to fall to 4.6 times. In effect, this means that pledged fuel tax and registry fee revenue could withstand a decline of 78% and still cover MADS including the 2025 issue.

Security features and other factors

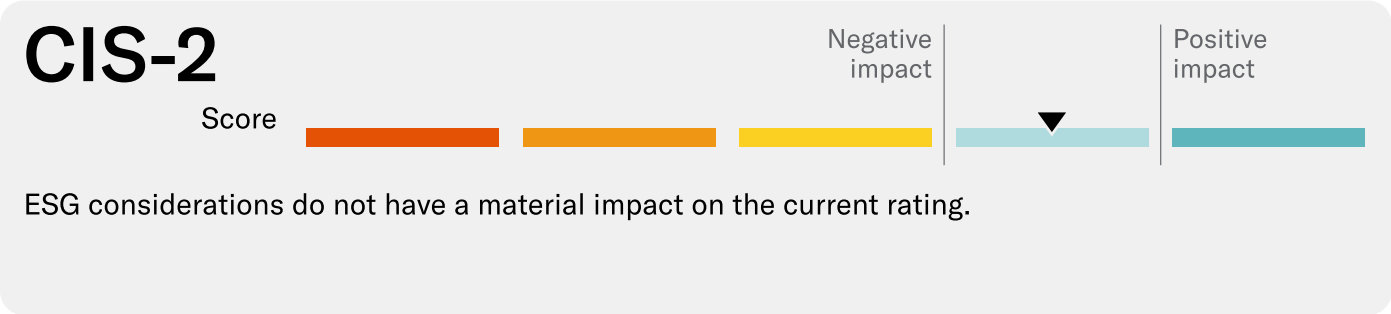
The pledged funds are deposited monthly to the Commonwealth Transportation Fund by the state treasurer, after receipt of certifications of the collected amounts from the state Department of Transportation (registry fees) and Department of Revenue (for fuel taxes). For these resources to be available to other state transportation purposes (including as a backup source for Grant Anticipation Notes), the state must meet monthly set-aside requirements equal to one-fifth the CTF bonds' next interest payment and one-tenth the bonds' next principal payment. This requirement enhances bondholder security and mitigates exposure to the already minimal risk the legislature would fail to pass the required annual appropriation for debt service.

The CTF program finances essential transportation infrastructure; outstanding bonds are generally connected with the Accelerated Bridge Program (enacted in 2010) or the Rail Enhancement Program (enacted in 2014). The CTF 2025 bonds will provide funding for certain rail projects under the Rail Enhancement Program, including the South Coast Rail Project, which provides a commuter link between Boston and southeastern communities such as Fall River and New Bedford.

ESG considerations

Massachusetts (Commonwealth of)'s ESG credit impact score is CIS-2

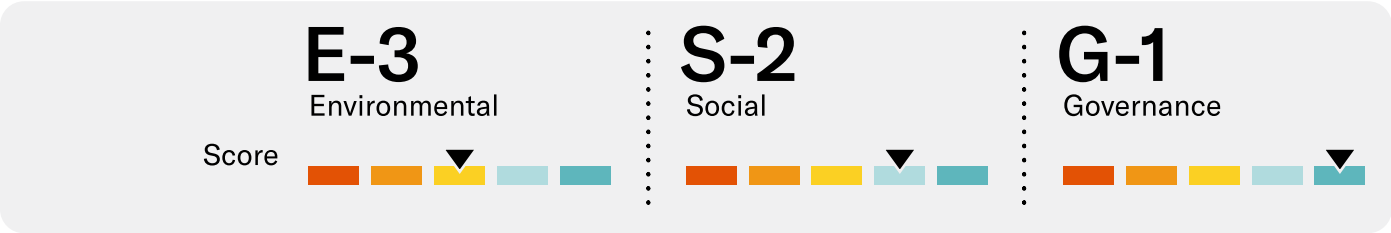
Exhibit 3
ESG credit impact score



Source: Moody's Ratings

Massachusetts' ESG Credit Impact Score reflects moderately negative exposure to climate risks, neutral-to-low exposure to social risks and a positive governance profile.

Exhibit 4
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Massachusetts' environmental issuer profile score factors in exposure to physical climate risks, particularly hurricanes and resulting flooding. Other environmental risks have a neutral to low impact on Massachusetts' credit profile. The commonwealth is far along in transitioning its energy generation to renewable sources, and its economy relies largely on industries that are neither carbon-intensive nor dependent on the commonwealth's natural capital. Hurricane risk affects 95% of state GDP, and about half of state GDP is vulnerable to flooding. The vast majority of the commonwealth's economic activity is concentrated along its coastline, particularly in the city of Boston (Aaa stable), which drives up vulnerability to physical climate risks.

Social

Massachusetts' issuer profile score incorporates a highly educated workforce, high income levels, and labor force participation significantly higher than the nation, offset by weak demographic metrics that include lagging population growth. The state's population is somewhat older (median age is 40.3 years, compared with the US median of 39.2 years). The state's prime working-age population, defined as people 25 to 54 years old, peaked in 2001, although the percentage of residents in this age range is slightly better than the nation's (39% compared with 38%).

Governance

Massachusetts' governance practices are generally very strong, including consensus revenue estimating and publishing multiyear debt affordability plans. Delayed budget adoption is common in Massachusetts. Budget delays typically result from a multilayered approval process that requires three separate budgets to be combined into one final document. Interim budgets are put in place to ensure continuing operations and payment of debt service.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Endnotes

¹ A small portion of this tax (0.15%) is allocated to the state's Inland Fisheries and Game Fund.

© 2025 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and all MCO entities that issue ratings under the "Moody's Ratings" brand name ("Moody's Ratings"), also maintain policies and procedures to address the independence of Moody's Ratings' credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at ir.moody.com under the heading "Investor Relations — Corporate Governance — Charter and Governance Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Clasificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions and Net Zero Assessments (as defined in Moody's Ratings Rating Symbols and Definitions): Please note that neither a Second Party Opinion ("SPO") nor a Net Zero Assessment ("NZA") is a "credit rating". The issuance of SPOs and NZAs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs and NZAs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454