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# **Cook County, IL's 2017 Sales Tax Revenue Bonds Rated 'AAA'**

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CHICAGO (S&P Global Ratings) Aug. 11, 2017--S&P Global Ratings assigned its 'AAA' long-term rating to Cook County, Ill.'s series 2017 sales tax revenue bonds. At the same time, we affirmed our 'AAA' long-term rating on the county's existing sales tax revenue debt. The outlook is stable.

"Among other factors, the rating reflects our view of the county's deep and diverse economic base, broad-based pledged revenue, and its use of sales tax revenues to fund general fund operations," said S&P Global Ratings credit analyst John Kenward.

The county's sales tax bonds are eligible to be rated above the sovereign because we believe they can maintain better credit characteristics than the U.S. in a stress scenario. All of the county's sales tax bonds are limited obligations of the county secured by revenues from its home rule sales and use tax.

The county's home rule taxing powers provide it with the flexibility to adjust its sales tax rate. Sales taxes are collected by the state and remitted monthly. Monthly receipts from the state represent retail sales that occurred three months prior (e.g., December-March). Despite Illinois' inability to produce a budget for state fiscal years 2016 and 2017 (ended June 30) and its persistent liquidity issues, sales tax payments to local governments have not been delayed beyond the usual three months, because state law does not require an annual appropriation and does not allow the state to retain sales tax revenues beyond the statutory timeframe. Under state statute, sales taxes are held in trust by the state before disbursement to local governments.

The stable outlook reflects our expectation that pledged sales tax revenues will continue to provide very strong levels of debt service coverage. Rating stability is enhanced by the county's large population, use of sales tax revenues for basis operations, and its broad and diverse economic base. For these reasons, we do not expect to change the rating within the two-year outlook period.

Cook County (population 5.2 million) includes the city of Chicago and is the second-most populous county in the nation.

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