

07 APR 2026

Fitch Revises Hawaii's Outlook to Positive; Rates \$1.5B GOs 'AA'

Fitch Ratings - New York - 07 Apr 2026: Fitch Ratings has revised the Rating Outlook on the state of Hawaii to Positive from Stable. Fitch has also assigned the following Hawaii taxable general obligation (GO) bonds of 2026 'AA' ratings:

--\$176.045 million series GO;

--\$300 million series GP;

--\$1.024 billion series GQ.

The bonds will price via negotiated sale on or about April 15.

Fitch has affirmed Hawaii's Long-Term Issuer Default Rating (IDR) and outstanding GO bonds at 'AA'.

The Positive Outlook reflects improving trends in Hawaii's long-term liability burden and the state's commitment to preserving its strong reserves with measures such as planned tax policy adjustments.

Hawaii's 'AA' ratings reflect prudent fiscal management practices that support robust fiscal resilience and help mitigate the state's substantial long-term liabilities and related carrying costs.

SECURITY

The GO bonds are general obligations of the state that carry the state's full faith and credit pledge.

KEY RATING DRIVERS

Revenue Framework - 'aa'

General excise taxes (GETs) and individual income taxes provide the majority of Hawaii's general fund revenues. Fitch anticipates medium-term revenue growth will exceed inflation but lag the pace of U.S. GDP expansion, driven by solid prospects for continued economic gains. Post-pandemic recovery and recent forecasts suggest underlying revenue growth prospects may prove healthier. The state has full independent control over its revenues with no legal limits on potential tax or fee increases.

Expenditure Framework - 'aa'

Fitch expects that expenditure increases will be in line with, to marginally above, the natural pace of revenue growth, absent offsetting policy actions by the state. Carrying costs for debt service and

retiree benefits are somewhat elevated for a U.S. state, partially reflecting Hawaii's relatively unique commitment to provide full actuarial funding for its other post-employment benefit (OPEB) obligations.

Long-Term Liability Burden - 'a'

Hawaii's long-term liabilities for debt and pension benefits are well above the median for U.S. states but still in the moderate range relative to personal income. Direct debt includes bonds issued for the state's public schools, which are paid for by local governments in most other U.S. states. Changes to retiree benefits and higher contributions have helped to slow the growth of fund-related liabilities.

Operating Performance - 'aaa'

Hawaii is well-positioned to address economic challenges due to its strong reserves and control over a broad array of budget balancing options. Budget management is guided by frequent revenue forecasts and multiyear financial plans that the state uses effectively to make policy adjustments as required.

RATING SENSITIVITIES

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

--As Hawaii considers revisions to recent tax policy changes, failure to align ongoing revenues and expenses that threatens ongoing structural balance and reduces the state's financial resilience, with total reserves falling closer to or below the state's official policy target of 20% - 25% of general fund revenues.

--A diminished commitment to addressing the state's retiree liabilities, potentially evidenced by repeated contributions below actuarially determined levels for pensions and/or OPEBs.

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

--A material and sustained reduction in long-term liabilities to below 20% of personal income and/or carrying costs closer to or below 10% of spending, likely resulting from the state's actions in managing retiree obligations.

--Implementation of fiscal changes that materially reduce out-year gaps and preserve the state's high level of fiscal resilience.

--Improvement in revenue growth prospects closer to or above the national pace of economic growth.

PROFILE

Over two-thirds of Hawaii's 1.4 million population reside on the island of Oahu. Personal income is above average, but Hawaii's high cost of living curtails spending power. Leisure and hospitality and government (primarily military) are key economic drivers.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Hawaii, State of (HI) [General Government]	LT IDR	AA	Affirmed	AA

- Hawaii, State of (HI) /General Obligation^{LT} - Unlimited Tax/ 1 LT

	AA	Affirmed	AA
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RATINGS KEY	OUTLOOK	WATCH
POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[U.S. Public Finance State Governments and Territories Rating Criteria \(pub.04 Feb 2025\) \(including rating assumption sensitivity\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

FAST Econometric API - Fitch Analytical Stress Test Model, v3.1.1 [\(1\)](#)

Additional Disclosures

Solicitation Status

Endorsement Status

Hawaii, State of (HI) EU Endorsed, UK Endorsed

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