Moody's Investors Service Raises Outlook on State's Credit to Stable

BATON ROUGE, LA - Moody's Investors Service has raised the outlook on the state's credit from negative to stable, according to State Treasurer John M. Schroder.

In a report issued today, Moody's said the state's outlook improved because of "the recent stabilization of the state's economic base and recurring, albeit time-limited solutions to large structural budget gaps."

"This is good news, but we have much more work to do to implement structural reforms to our budget," said Treasurer Schroder. "The fiscal cliff was mainly solved on the revenue side, now it's time to get to work on the spending side of the problem. Extending temporary taxes for the next seven years with no real structural reforms doesn't sit well with me."

Moody's stated that factors that could lead to a rating upgrade include a significant increase in budgetary reserves, a sustained trend of structural budget balance, and long-term growth and diversification of Louisiana's economy.

The state's bond rating is similar to an individual's credit rating. The better the rating, the cheaper it is for the state to borrow money for infrastructure and other projects.

The state's bonds are currently rated Aa3 with a stable outlook from Moody's.

The Moody's press release can be viewed here.

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