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Texas Propositions & Bonds

- Understanding what voters are being asked to approve
- Research Guide for Texas Voters
- Focus: ballot language, bond costs, taxes, projects, and existing debt

What Is a Proposition?

- A proposition is a question placed before voters for approval or rejection.
- It may authorize bonds, tax actions, charter changes, constitutional amendments, or other governmental actions.
- Important: Proposition A, B, C, etc. does NOT automatically mean a bond.
- Always read the actual ballot language.



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What Is a Bond?

- A bond is a form of government borrowing used to finance eligible projects and capital needs.
- Common uses: schools, renovations, roads, public safety facilities, water/sewer, buildings, and infrastructure.
- Bond authorization is generally permission to issue debt up to a stated amount.
- The principal amount is not the same as the total amount repaid.



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The Cost of a Bond

- Look beyond the advertised bond amount.
- Principal = amount borrowed.
- Interest = cost of borrowing.
- Maturity = how long the debt can remain outstanding.
- Total debt service = principal + interest and related debt-service costs.
- A \$300 million authorization can ultimately require substantially more than \$300 million to repay.



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School District Bonds: M&O vs. I&S

- M&O (Maintenance & Operations): generally, supports day-to-day school operations.
- I&S (Interest & Sinking): supports principal and interest on eligible debt.
- When reviewing a school bond, identify whether the financial impact is tied to debt service/I&S.
- Do not treat an M&O election and a bond election as the same thing.



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10 Questions to Ask

1. What exactly does the ballot proposition authorize?
2. What is the maximum bond authorization?
3. What projects will the money fund?
4. How much will each major project cost?
5. What is the projected I&S/debt-service tax rate?
6. What is the estimated annual debt service?
7. What is the maturity/repayment period?
8. How much debt does the entity already have?
9. What is the estimated total repayment including interest?
10. Does the official financial information match the campaign/district presentation?



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Red Flags

- Vague project descriptions such as “facility improvements.”
- Large authorization with limited project-level detail.
- “No tax increase” claims without reviewing assumptions.
- Statements that discuss only today’s tax rate.
- Existing debt that is difficult to locate.
- “Up to” or “not to exceed” language that is overlooked.
- Campaign material presented without comparison to official records.



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Source Verification Rule

- District/campaign material tells you what proponents say the bond will accomplish.
- State databases provide independent governmental reporting and debt information.
- The Comptroller warns that submitted database information is not independently verified for accuracy or completeness.
- Best practice: compare at least two official sources before treating a number as confirmed.



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Bottom Line

- Proposition = the question voter's answer.
- Bond = the borrowing/debt mechanism.
- Bond authorization = permission to issue debt up to a stated amount.
- I&S = debt-service portion of a property-tax-supported school district rate.
- Always ask: What are we borrowing? What are we buying? What will it cost with interest? What debt already exists? What could it mean for taxpayers?



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Reference

- **Texas Comptroller:** <https://comptroller.texas.gov/transparency/local/hb103/>
- **Texas Bond Review Board:** <https://www.brb.texas.gov/local-government-services/>
- **Texas Comptroller Local Government Transparency:**
<https://comptroller.texas.gov/transparency/local/>
- **Texas Open Data — Debt Outstanding by Local Government:**
<https://data.texas.gov/>
- **Texas Secretary of State Elections:** <https://www.sos.texas.gov/elections/>