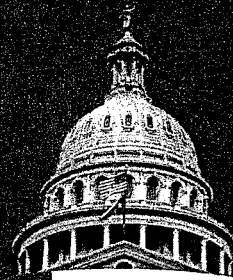




LEGISLATIVE BRIEF

A Publication of the Texas Association of Counties Legislative Staff



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COUNTIES AND PUBLIC DEBT

WHAT COUNTIES ARE SAYING

Many parts of our state are growing at a remarkable pace and counties and other local governments are building the physical infrastructure needed to meet this influx of people. Counties, cities, and school districts are issuing debt to build streets, roads, jails, schools, parks, water and wastewater facilities, and other public facilities. State government doesn't issue or pay off these bonds--local taxpayers vote to issue the bonds and pay them off. The voters decide whether or not to issue debt when bond elections are held and the voters ultimately hold elected officials responsible for their actions.

BACKGROUND

Counties in Texas are efficient and effective political subdivisions. Even with the state's high rate of growth, county debt is only seven percent of the overall local debt issued in Texas. This county debt grows to meet the demands of a growing population. The state's economy depends heavily on the local infrastructure this local debt builds. Local debt isn't always local: many state highway projects are moving forward only because counties are issuing debt to pay part of the cost and get these projects underway.

TEXAS COUNTY DEBT IN STATE AND NATIONAL PERSPECTIVE

The State Comptroller released a report, "Your Money and Local Debt," that confirms that the county share of local debt in Texas is very small, comprising only "about 7 percent of all local government debt." Compare this to public school districts and cities which combine for 66 percent of the local debt share in Texas.

The Comptroller's report also notes that Texas is ranked #2 out of the 10 most populous states in terms of having the most local government debt. However, these numbers can be misunderstood. Other large states provide direct financial support to their local governments. Local governments in other states have more diverse funding sources. Other states divide responsibilities differently between states and local governmental entities. All this must be taken into account in order to truly compare the weight of local government debt among different states.

Texas is a fast growing state; 4 out of 10 of the fastest growing large counties in the nation are in Texas. Debt can be an important tool for counties to cope with fast or unexpected growth.

Most local debt is directly approved by local voters. Debt that isn't immediately subject to a vote such as certificates of obligation may become subject to a vote of the people following a petition. These certificates of obligation also require public notice.

Counties enter into debt cautiously and take this responsibility very seriously, holding meetings and gathering input from the public before a bond election.

COUNTIES MAKE UP ONLY 7% OF LOCAL GOVERNMENT DEBT IN THE STATE.

What does this 7% include?

Of the county bonds issued over the past decade, 40% of the total value is for the refinancing or refunding of bonds. Counties owe a fiduciary duty to the citizens to manage debt responsibly. One way to achieve

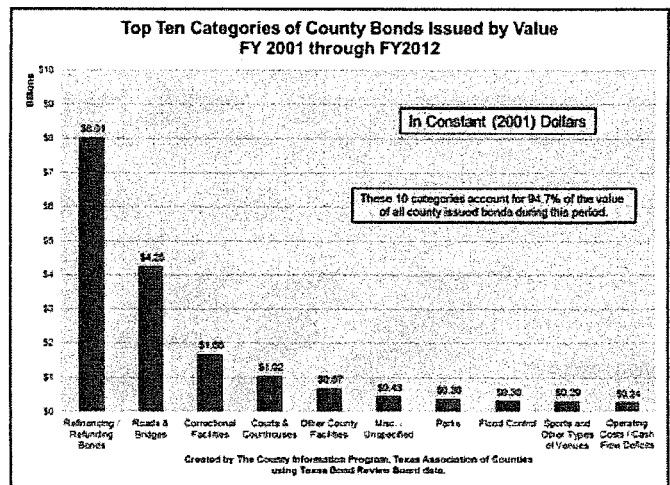
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STATE	COUNTY	CENSUS 2010	ESTIMATE BASE 2010	POPULATION ESTIMATE 2012	CHANGE 2010 - 2012	RANK
Texas	Williamson County	422,679	422,676	456,232	7.9%	1
Virginia	Loudoun County	312,311	312,332	336,898	7.9%	2
Texas	Hays County	157,107	157,112	168,990	7.6%	3
Louisiana	Orleans Parish	343,829	343,829	369,250	7.4%	4
Texas	Fort Bend County	585,375	585,385	627,293	7.2%	5
Texas	Midland County	136,872	136,872	146,645	7.1%	6
Georgia	Forsyth County	175,511	175,511	187,928	7.1%	7
Tennessee	Montgomery County	172,331	172,341	184,468	7.0%	8
Virginia	Prince William County	402,002	402,002	430,289	7.0%	9
Florida	Osceola County	268,685	268,685	287,416	7.0%	10

COUNTIES AND PUBLIC DEBT *(continued)*

effective fiscal management is to seek out lower rates on outstanding debt.

Counties also overwhelmingly use debt to fund necessary infrastructure. Improvements in roads & bridges, courts, correctional facilities, and flood control are critical to maintaining and improving quality of life. ★



Total Value of County Bonds Issued in Top Four Categories In Constant (2001) Dollars



Created by The County Information Program, Texas Association of Counties
using Texas Bond Review Board data.