

Tax Impact at various borrowing levels - Rollingwood

The Comprehensive Plan Strike Force, with the assistance of the city's bond advisors, has developed the following data to advise residents of the to the Rollingwood property tax if the City were to use 20-year bonds to pay for city improvements. This paper is not intended to suggest this method of funding, but instead to identify the impact, at various levels of additional bond funds, so that residents can evaluate this funding option, among other funding options.

The following table shows the impact of new bonds on the Rollingwood portion of your property tax bill, and on your total property tax bill (which includes taxes assessed by other Travis County taxing jurisdictions).The following table shows the increase in Rollingwood portion of the tax bill (by percentage and tax rate) and the increase in the total tax bill (by percentage and tax rate), for a property having a valuation of \$1M valuation, based on Travis County Tax Appraisal District (TCAD) 2020 property valuations, and assuming new bonds have a 20-year term.

Add'l Bonds	\$/yr. to tax bill	% increase/ tax rate-RW	% increase/ tax rate -TCAD	Add'l debt service
\$815,000	\$47 yr.	2%/.2416	.26%/1.9226	\$51,238
\$1,620,000	\$95 Yr.	4%/.2464	.52%/1.9274	\$102,476
\$2,445,000	\$142 Yr.	6%/.2511	.76%/1.9321	\$153,714
\$10,000,000	\$405 yr.	17%/.2774	2.11%/1.9584	*(@\$670,000)
\$15,000,000	\$620 yr.	26%/.2989	3.23%/1.9799	*(@\$1M)
\$30,000,000	\$1266 yr.	53.4%/.3635	6.45%/2.0445	*(@2M)

Source: The US Capital Advisors Nov. 30 Tax Rate Analysis.

For comparison: The current RW tax rate is .2369%.

The current RW Tax per \$1M in property valuation is \$2369/yr. (RW tax rate of .2369 x \$1M)

The current RW tax is 12.4% of the total TCAD tax bill.

The total TCAD property tax rate for RW properties is 1.9179%.

The total tax bill per \$1M in property valuation is @\$19,179. (TCAD tax rate x \$1M)

The City of Rollingwood has a AA bond rating.

Notes: The rates, percentages and tax increases shown assume current interest rates and assessed property values and will change as these rates and values change. Costs of issuance are not included and may slightly increase the amounts shown. The percentages shown for the total tax column may be slightly higher for a resident whose school district tax is capped by the Over-65 exemption or for property owners with other exemptions that limit the tax values. Some Rollingwood residents that live within the boundaries of the Travis County Water Control & Improvement District #10 may pay an additional \$0.0840 property tax.

The rates and amounts shown for the \$10M, \$15M, and \$30M columns assume that assessed value of Rollingwood properties increases by 2% per year in years 2021-2026, and is level thereafter. The 2% is likely to be low, and that increases in property values will likely exceed 2% a year, but as the amount of this increase is not certain, we have used the 2% as a conservative measure. There may be other methods to lower the impact to the tax bill, such as refinancing existing bond and/or tax notes, but again, we have assumed a "conservative" measure, so as to not understate the impact that might result.

*The debt service in this column assumes "structured debt service" meaning some principal is deferred until a portion of the existing debt service is retired, resulting in somewhat higher interest costs than if debt service were level over the life of the bond. Example: For a \$10M bond/20 yr. term, the increase interest would be @\$360,150 with structured debt service than with level debt service.