

## PROPERTY TAX IMPACT OF NEW BONDS

The table below provides an estimate of the additional property tax on a property having a value of \$1M if Rollingwood were to issue 20-year bonds in the amounts shown in Column 1 to pay for improvements.

(1)	(2)	(3)	(4)	(5)
Add'l Bonds	\$/yr. to tax bill	% increase RW tax	% increase total tax	Annual debt service cost
\$815,000	\$47 yr.	2%	.26%	\$51,238
\$1,620,000	\$95 Yr.	4%	.52%	\$102,476
\$2,445,000	\$142 Yr.	6%	.76%	\$153,714
\$10,000,000	\$405 yr.	17%	2.11%	@\$670,000
\$15,000,000	\$620 yr.	26%	3.23%	@\$1M
\$30,000,000	\$1266 yr.	53.4%	6.45%	@\$2M

This table is based on 2020 Travis County Tax Appraisal District (TCAD) property valuations for the City of Rollingwood.

The RW portion of your tax bill is @12.4% of the total property tax bill.

## **OTHER CONSIDERATIONS IN FUNDING OF LONG TERM PROJECTS**

### **Sources of revenues:**

The property tax is Rollingwood's single largest source of funds. Rollingwood's current property tax revenues are @ \$2,527,000/yr. for 2022. \$1.23M of property tax revenues is used to pay debt service on long term debt, and \$1.3M of property tax revenues is used to fund ongoing city operations.

Sales tax revenues are currently \$550,000/yr.

Rollingwood also receives revenues from permits, water sales, drainage fees, court fees, and other fees. However, these fees primarily fund related city operations.

### **Debt funding:**

Rollingwood has \$14.4M in long term debt currently, consisting of:

\$9.2M used for purchase of the wastewater system from LCRA,

\$2M from the commercial notes sold in 2019

\$3.2M from bonds issued in 2012 and 2014.

\$1.23M is the annual principal and interest payment ("debt service") on this outstanding long term debt, and is paid from, and secured by, property tax revenues.

**Funding of City operations:** The remainder of property tax revenue (@\$1.3M) is used, along with sales tax revenues, fees, and other revenues, to fund city operations, at @\$2.8M annually.

## **ADDITIONAL SOURCES OF FUNDS FOR CAPITAL PROJECTS**

**Increase in property valuations:** The Travis County Tax Appraisal District valuation of Rollingwood property has increased by @25% from 2018 to 2021. Rollingwood has seen a parallel 25% increase in property tax revenues over this period, from \$2M in 2018, to @\$2.5M as of 9-1-2021. As RW property values increase, if tax rates are not reduced, the additional property tax revenues can be used to pay debt service.

**Commercial property valuations:** The Comprehensive Plan recommends revisions to the zoning for commercial properties (mainly reducing setbacks and modifying parking requirements) that may induce new development in the commercial corridor, increasing the values and property taxes on commercial properties and may generate additional sales tax revenues, which can be used to pay debt service.

**Sales tax revenue increases:** Sales tax revenues are expected to increase with changes in state law by which the location of the purchaser (instead of the location of the seller's warehouse) determines who receives the sales tax on internet sales.

**Reduction/refinance of existing debt:** In 2026, the \$1.24M in annual debt service reduces by \$330,000 - as a portion of existing debt is paid off. Using the prior chart, this \$330,000 could fund @\$5M in additional debt, assuming a 20-yr. bond. Alternatively, \$2M of Rollingwood's current debt, now being paid over an 8-year term, could be refinanced to a 20-year bond, and the debt service reduction used to fund additional bonds.

**Third party funds:** Third party grants may be available for certain projects, either through state grants or federal infrastructure funds. State-backed zero or low interest funds may be available for certain projects, reducing debt service payments.