

City of Payne Springs – Town Hall Remarks

Bond Election – May 2, 2026

Good evening, and thank you for taking a few minutes to be here tonight.

I want to start with the most important point, because this is where most of the confusion comes from.

This election is not about new improvements.

The streets and improvements were already completed in 2022 and 2023.

At that time, the City of Payne Springs issued about **\$2.3 million in short-term tax notes** to pay for those projects. Today, about **\$1.9 million of that debt is still outstanding**.

So the question in this election is not whether to build something new.

The question is simply **how the remaining debt gets paid back**.

The original loan was short-term and includes what are called **balloon payments**. That means instead of equal payments each year, the loan requires **very large payments in 2028 and 2029**.

The City's original plan was to **refinance that debt into smaller, steady payments spread out over time**, which is a common way cities manage infrastructure debt.

However, under current interpretations of Texas law, **voter approval is required** before this type of refinancing can occur. Because of that requirement, the City had to call a bond election.

So voters are deciding between **two ways of paying the same existing debt**.

If the measure passes:

The remaining debt would be refinanced into stable yearly payments, helping avoid large spikes in future tax rates.

If the measure does not pass:

The City must keep the existing short-term loan structure, which includes large balloon payments in 2028 and 2029. **This will result in significant temporary increases in the tax rate during those years.**

You may also notice the ballot will say: **“THIS IS A TAX INCREASE.”**

That wording is **required by Texas law** on bond elections where property taxes may be used to repay debt, even in situations where the tax rate does not increase overall.

Again, this election is about **how existing debt is repaid over time**—not new projects.

The streets and improvements are already complete. The remaining debt is about \$1.9 million. This election determines how that existing debt will be paid.

We encourage everyone to review the information, ask questions, and make the decision that is best for you when you vote on May 2.

Thank you.