

City of Payne Springs – Town Hall Information

Bond Election – May 2, 2026

This handout explains the upcoming bond election and what it means for residents.

In 2022, the City issued approximately **\$2.3 million in short-term tax notes** to pay for **streets and improvements that have already been completed**. Those projects are finished, and the City currently has about **\$1.9 million remaining** to be repaid.

The issue now is **how that remaining debt will be paid back**.

Current Loan Structure

The original loan was short-term and includes **large balloon payments due in 2028 and 2029**. A balloon payment means a large amount is due at one time rather than being spread out over multiple years.

What the Election Does

The City's original plan was to refinance the remaining debt into smaller, steady payments over time, which is how cities typically manage infrastructure financing. However, under current interpretations of Texas law, **voter approval is required** before this type of refinancing can occur.

What the Election Does NOT Do

- This vote is **not about new improvements**
- The streets and improvements were **already completed in 2022**
- This election **does not create new project debt**

The election only determines **how the existing debt will be repaid**.

If the Measure Passes

- Debt is refinanced into stable annual payments
- Helps avoid large spikes in future tax rates
- Estimated payoff around 2038

If the Measure Does Not Pass

- The City must keep the current short-term structure
- Includes large balloon payments in 2028 and 2029
- This **will result in significant temporary increases in the tax rate**

Ballot Language

The ballot will state: **“THIS IS A TAX INCREASE.”**

Texas law requires this wording whenever property taxes may be used to repay bonds, even if the tax rate does not increase overall.

Important Information

This document is provided for informational purposes only and is not intended to advocate for or against any ballot measure. The City Council does not take a position in this informational material.