



# The Truth About MUD Debt

Texans have always believed that the government closer to the people is the most representative. Texans have always valued local control and have viewed centralized government with skepticism.

## What Critics Say

- Critics of issuing debt for infrastructure to support growth and development are quick to claim that local government debt in Texas is higher than in many other states and growing.
- Generally, criticisms of the amount of local government debt fail to recognize the limited role of state, versus local government, set forth in our Texas Constitution.
- Critics fail to distinguish between the types of local government debt issuers and the purposes for which that debt is being issued.

## How It Works In Texas

- In Texas, issuing debt for public infrastructure development is largely the role of local governments, not the state.
- In many other states, the state raises revenues, levies taxes, issues debt and then appropriates the funding to local governments. In these states, there is a powerful central government, often supported by a state income tax, with weak local government. These states have low local government debt – but at what price?
- MUDs play an integral role in developing infrastructure to supply utility and other basic services to accommodate local growth and development. The sole purpose of MUD bonds is to pay for this infrastructure.

## Facts About MUD Debt

MUDs do not issue debt to pay for pension or other operating costs, thus leaving "Legacy Infrastructure" and not "Legacy Liabilities".

Every dollar of MUD debt is self-supported by an independent and self-contained tax base.

The MUD tax base is determined as being sufficient to pay the principal and interest on the debt before any bonds are ever issued.

Only homeowners and other property owners located within the MUD are required to pay for any debt issued by the MUD.



### Outstanding Bonds- Houston Area (As of August 31, 2022)

**\$15,74B** Houston Area Cities

**\$14,70B** Houston Area MUDs



### Population- Houston Area (As of 2021)

**7,180,513** Houston Area MSA\*

**2,955,146** Houston Area MUDs

\*Metropolitan Statistical Area



### Outstanding Bonds-Local Government (As of August 31, 2022)

**\$282.28  
Billion**

Total of Outstanding Bonds held by local government in Texas

**\$21.94  
Billion**

Total of Outstanding Bonds held by MUD type Entities

**7.7%**

The percentage of the total statewide local government bonds held by MUDs