



General Obligation (G.O.) Bonds

December 7, 2021





Overview

- General Obligation (G.O.) Bonds
- Information Pamphlet for Bond Election



G.O. Bonds

- Paid for using secondary property tax
 - Assumes a flat levy
- Must be authorized by voters
- Constitutional limits
 - Based on Limited Property Value (LPV)
 - Outstanding G.O. debt may not exceed:
 - 20% of LPV for combined water, sewer, public safety, streets, transportation, open space, and parks
 - 6% of LPV for general municipal purposes (library, general government facilities, economic development)



Information Pamphlet for Bond Election

- Arizona Revised Statute 35-454
- Must contain information on the:
 - Amount of the bond authorization
 - Maximum interest rate of the bonds
 - Estimated debt retirement schedule for the current amount of bonds outstanding
 - Estimated debt retirement schedule for the proposed bond authorization
 - Source of repayment
 - Estimated issuance costs



Information Pamphlet for Bond Election

- Must contain information on the:
 - Estimated tax impact of debt service for the bonds on a residential, commercial, agricultural or other vacant property
 - Estimated total cost of the proposed bond authorization
 - Current outstanding general obligation debt and constitutional debt limitation
 - Projects and expenditures for which the bonds are to be issued
 - The purpose statement shall only present factual information in a neutral manner
 - Advocacy for the expenditures is strictly limited to the arguments submitted
 - Purpose for which the bonds are to be issued



Information Pamphlet for Bond Election

- Any proposed general obligation bond authorization for which the principal and interest will be paid by a levy of property taxes, the ballot shall contain the phrase "*the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on bonds*"
- Arguments for and against the authorization of one or more of the bond propositions
 - Must include the sworn statement of the person submitting it
 - Set deadline to submit arguments for and against the bond proposition
- The information pamphlet must be mailed at least 35 days before the election to every household that contains a registered voter



Questions?