



# Testimony

## Testimony Before the Senate Committee on Local Government: Bond Elections Interim Charge

by James Quintero

Mr. Chairman and Members of the Committee—

My name is James Quintero, and I am a policy director at the Texas Public Policy Foundation, a nonprofit free-market research institute headquartered in Austin, Texas. Thank you for the opportunity to address the committee today on this important topic.

As you know, the interim charge under consideration this afternoon states:

**Bond Elections:** Review and report on voter participation and bond election result differences between November and May elections. Make recommendations for improved voter turnout, increased election efficiencies, and better accountability of local debt.

I commend the committee for considering ways to enhance transparency, accountability, and voter participation in future bond elections, which are [“required before the issuance of certain debt obligations that pledge unlimited or limited ad valorem taxes of a local government for repayment.”](#) The data suggest that voters are being propositioned on an increasingly frequent basis, making it important that the Legislature develop and maintain a well-functioning system.

To better understand the number of bond elections that occur in any given fiscal year, consider the following excerpt from the Texas Bond Review Board’s [2021 Local Government Annual Report](#):

During fiscal year 2021, a total of 151 local governments held 311 bond elections approving 86.9 percent of the total election amount for a potential issuance of \$18.50 billion of additional debt. Approximately 28 local governments cancelled 65 elections during the Nov 3, 2020, elections. Separately, on November 2, 2021, 91 local governments held 174 bond elections, with 61 local governments approving 109 bond elections totaling \$8.31 billion.

There are several things to note about this detail.

First, it is apparent that COVID-19 concerns did not stop local governmental entities from proposing a rash of bond propositions during the previous fiscal year, as evidenced by the 151 entities that offered up 311 separate questions, a handful of which were later pulled down.

Second, the amount at stake in bond elections remains high. As seen in the paragraph above and on *Table A.2* below, local governmental entities proposed a slate of bond propositions valued at \$21.3 billion, of which \$18.5 billion was proposed. As compared to the last five fiscal years, that mark exceeds the amounts in two other fiscal years (2017 and

*continued*

2020). While the total election amount and the approved election amount figures were modestly larger in 2018 and 2019, the fact that it has returned to a comparatively high level so soon after a major disaster is worrisome.

Third, the data reveal that voters continue to approve the vast majority of bond issuances, despite widespread concern about property taxes and California-style government. Over the last five years, the overall approval rate for bond elections never dipped below 86.9%, as seen in fiscal year 2021, and remained near or above 90% in all other years. Fourth, the data also reveals school districts to be the most voracious of any governmental type. In fiscal years 2017, 2018, and 2019, ISD election amounts represented more than 50% of the overall amount sought. In fiscal year 2020, the election amount was slightly less than 50%. In fiscal year 2021, the ISD election amount represented 75% of the overall amount. The data make clear that ISDs have an outsized appetite for local government debt.

Table A.2 Texas Local Government Estimated Bond Election Results by Fiscal Year (\$ in millions)					
	2017	2018	2019	2020	2021
<b>Public School Districts</b>					
Election Amount	\$8,707.0	\$13,478.1	\$14,340.6	\$7,232.9	\$16,030.6
Amount Approved	7,143.8	11,854.0	11,820.7	5,780.2	13,914.4
Percent Approved	82.0%	88.0%	82.4%	79.9%	86.8%
<b>Cities, Towns, Villages</b>					
Election Amount	\$3,039.5	\$3,896.4	\$3,153.8	\$906.0	\$3,002.4
Amount Approved	2,793.3	3,659.5	3,123.7	868.7	2,663.9
Percent Approved	91.9%	93.9%	99.0%	95.9%	88.7%
<b>Water Districts and Authorities</b>					
Election Amount	\$3,204.5	\$8,037.0	\$7,577.6	\$2,557.8	\$1,703.9
Amount Approved	3,184.6	7,808.3	7,254.4	2,451.7	1,444.8
Percent Approved	99.4%	97.2%	95.7%	95.9%	84.8%
<b>Other Special Districts and Authorities</b>					
Election Amount	\$0.0	\$0.0	\$0.0	\$3,500.0	\$0.0
Amount Approved	0.0	0.0	0.0	3,500.0	0.0
Percent Approved	N/A	N/A	N/A	100.0%	N/A
<b>Counties</b>					
Election Amount	\$551.7	\$707.4	\$917.0	\$712.6	\$392.4
Amount Approved	543.2	562.4	917.0	698.6	334.3
Percent Approved	98.5%	79.5%	100.0%	98.0%	85.2%
<b>Community and Junior College Districts</b>					
Election Amount	\$1,199.0	\$48.5	\$1,353.7	\$825.0	\$152.8
Amount Approved	1,199.0	0.0	1,353.7	825.0	138.9
Percent Approved	100.0%	0.0%	100.0%	100.0%	90.9%
<b>Health/Hospital Districts and Authorities</b>					
Election Amount	\$13.8	\$7.2	\$841.5	\$9.0	\$0.0
Amount Approved	13.8	0.0	841.5	0.0	0.0
Percent Approved	100.0%	0.0%	100.0%	0.0%	N/A
<b>Total Election Amount</b>	<b>\$16,715.6</b>	<b>\$26,174.6</b>	<b>\$28,184.2</b>	<b>\$15,743.4</b>	<b>\$21,282.0</b>
<b>Total Amount Approved</b>	<b>\$14,877.7</b>	<b>\$23,884.3</b>	<b>\$25,310.8</b>	<b>\$14,124.2</b>	<b>\$18,496.3</b>
<b>Total Percent Approved</b>	<b>89.0%</b>	<b>91.2%</b>	<b>89.8%</b>	<b>89.7%</b>	<b>86.9%</b>

Source: Bond Buyer, Municipal Advisory Council's *Texas Bond Reporter*, and U.S. Department of Justice, Civil Rights Division - Voting Section.

Source: [2021 Local Government Annual Report](#)

## Recommendations

Given the current environment—which features a large volume of debt being proposed every fiscal year and elevated rates of voter approval—it is important that the Legislature design, and in some cases redesign, the system so as to engender increased voter turnout, improved election efficiency, and greater accountability. The following recommendations are offered with those end goals in mind.

### Improve Voter Turnout

- **Require Bond Elections to Be Held in November.** Bond elections should be held on the [uniform election date in November](#) to solicit the maximum number of voters and to ensure that a small minority of special interests does not unduly influence the outcome.
- **Establish Minimum Voter Turnout Requirements.** Establish a [minimum voter turnout](#) threshold for the approval of new bond propositions and tax ratification elections. This will help prevent the process from being dominated by a relatively small percentage of voters and better reflect popular sentiment.

### Increase Election Efficiencies

- **Efficiency Audits.** Require cities and counties to undergo a [third-party efficiency audit](#) of their budget and operations to determine where, if at all, an entity can improve fiscally and from a managerial accountability standpoint. Require the findings of any audit to be made publicly available online and for the governmental entities to hold at least 2 public hearings discussing the results.

### Greater Accountability in Local Debt

- **Ballot Box Transparency.** Each new debt proposition should include three key pieces of information: the proposed amount to be borrowed, a short description of the project(s), and the anticipated tax impact on the average area resident should the proposal succeed. Including a [cost element](#) will allow voters to be better prepared to make an informed decision about the merit of any new debt proposal.
- **Reform the Use of Certificates of Obligation.** Amend the petition process so that 5% of the total number of voters who voted in the most recent gubernatorial election can compel a public vote on moving forward with any [certificate of obligation](#) issuance. In the case of a failed bond election, lengthen the period of time required before a governmental entity is allowed to issue a certificate of obligation for a substantially similar project.

Thank you for your time. I look forward to answering any questions that you may have.

## ABOUT THE AUTHOR

**James Quintero** is the policy director for the Texas Public Policy Foundation's Government for the People initiative. Having joined the Foundation in 2008, Quintero's research covers a wide range of issues, mostly related to local government matters, including: taxes, spending, debt, transparency, annexation, and pension reform. His work has been featured in the *New York Times*, *Forbes*, *Fox News*, *Breitbart*, and more.

Quintero received an M.P.A. from Texas State University and a B.A. from the University of Texas at Austin. He is currently seeking a Ph.D. in public policy from Liberty University.

Quintero and his wife, Tricia, are blessed with five beautiful children, a Great Dane, a Boston Terrier, and an exceptionally large grocery bill.

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