



## **Overlapping Debt Q & A**

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## What Is Overlapping Debt?

- > **Tax-Supported Obligations of a Jurisdiction Whose Tax Base Intersects with the Issuer's**
- > **Common in Most States**
  - **School Districts**
  - **Cities/Counties**
  - **Tax Increment Districts**
  - **Park and Recreation Districts**
  - **Other Taxing Authorities**



## What's Included?

- > **General Obligations**
- > **Debt Supported by General Fund Revenues**
  - **Appropriation-backed Debt**
  - **Non Self-Supporting Enterprise Debt**
- > **Moral Obligations**
- > **Sales Tax Debt**
- > **Tourism Tax Debt**
- > **Fuel Tax Debt**
- > **[Your Tax Here] Tax Debt**



## What's NOT Included?

- > **Self-Supported Utility System Debt**
- > **Other Enterprise Debt Supported by User Fees or Charges**
- > **Tobacco Bonds**
- > **State-Issued Debt**



## **What Are Some Examples of Overlapping Debt in Virginia?**

- > Debt of Incorporated Towns**
- > Greater Richmond Convention Centre Authority**
- > Route 28 Improvement District (Fairfax and Loudoun Counties)**
- > Northern Virginia Transportation Commission (VRE)**
- > Regional Jail Authorities**



## Why Include Debt From New Revenue Sources?

- > **Reflects Burden on Taxable Resources**
- > **Is Consistent with Other Jurisdictions, States**
- > **New Source No Longer Available for Other Purposes**



## **How Would Transportation Authority Debt be Apportioned Among Participating Jurisdictions?**

- > Generally, Share of Overlapping Debt Based on Percent of Tax Base Attributable to Each Entity**
- > In this case, Based on Proportion of Pledged Revenues Generated by that Jurisdiction**



## But It's Not MY Obligation

- > **Not Added to Direct Debt**
- > **Not Reflected in Debt Service Burden**
- > **Part of the Total Obligation of the Tax Base**



## How Will This Affect Me, the Issuer?

- > **Direct Debt Does Not Change**
- > **Overlapping Debt Will Increase**
- > **Offset by Addition of New Revenue Sources and Recognition of Critical Needs Being Funded**
- > **As One of Many Credit Factors, Unlikely By Itself to Affect Ratings**



## Real-Life Example: Hillsborough County, FL Direct Debt (Approximate; \$000)

Limited General Obligation Bonds	\$	16,689
Limited Ad Valorem Tax Bonds		30,998
Non Ad Valorem Revenue Bonds		101,615
CP Notes		31,685
Special Assessment Debt		100,000
Fuel Tax Bonds		11,505
Court Fee Bonds (sales tax pledge)		43,155
Community Investment Tax Bonds (infrastructure sales tax)		153,341
Capital Improvement Bonds (hotel occupancy tax)		85,000
1/2-cent Sales Tax Bonds		128,979
<b>Total Direct Debt</b>	<b>\$</b>	<b>702,967</b>



## Real-Life Example: Hillsborough County, FL Overlapping Debt (Approximate; \$000)

Taxing body	% Allocated	Gross Debt	Issuer's Share
Hillsborough County School District	100.00%	\$1,125,163	\$1,125,163
City of Temple Terrace	100.00%	20,000	20,000
City of Tampa	100.00%	559,512	559,512
Plant City	100.00%	35,000	35,000
Tampa Sports Authority (Various Taxes)	100.00%	215,275	215,275
Total Overlapping Debt			1,954,950
<b>Overall Net Debt</b>			<b>\$2,657,917</b>



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