Taxes grow in special districts

Public financing signals implications for future tax burdens

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In the past five years, a handful of Denton County voters have authorized nearly $5 billion in special district bond debt — three times more public debt than other county voters have authorized in various school and city bond elections. That coming tidal wave of public-financing signals more debt, spread growth for Denton County. But it also has implications for future property tax burdens. Currently, special districts make up not quite 20 percent of the total public debt in Denton County — about $757 million owed.

The reason all that new debt has future implications is because most home and business owners in special districts pay extra property taxes to the district, often at a higher rate than nearby cities. For example, property taxes on a $200,000 home in the Carrolls development total about $3,046. But up the road in Denton, total property taxes on a $200,000 home come to about $4,556. And it appears that much-ballyhooed statewide property tax reform won’t apply to most, if any, of Denton County’s special taxing districts.

Why a district?

Developers seek public financing for special districts for several reasons, including the more favorable borrowing terms that can make a project profitable. Brian Callak, Hillwood’s vice president for acquisitions, recently explained to Denton city leaders why public financing is preferred.

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