

Public Capital Formation: How Local Officials Use Debt to Accumulate Capital

<u>Type of Debt</u>	<u>Revenue Stream</u>	<u>Required Approval</u>
General Obligation Bonds <i>cities, counties.</i> <i>schools.</i>	Ad valorem property tax revenues outside the standard 1% tax rate	2/3-voter approval: 55% voter approval:
Limited Obligation Bonds	Any existing revenues	2/3-voter approval.
Revenue Bonds	Rates and user charges	Majority voter approval.
Tax Allocation Bonds <i>agencies.</i>	Property tax increment revenues	No voter review. <i>Only redevelopment</i>
Mello-Roos Act Bonds <i>voters.</i>	Special taxes (<i>parcel taxes</i>)	2/3-voter approval. <i>Landowners vote if <12</i>
Assessment Bonds approval by	Benefit assessments	Weighted ballot property owners.

Certificates of Participation are annual	Payments by borrower	No voter review. COPs contracts to pay, not long-term debts.
Lease-Purchase Contracts Borrower contracts	Payments by borrower	No voter review. to pay lender.
Promissory Notes Districts borrow	Payments by borrower	No voter review. from lenders promising to repay.