

## Legal Debt Service Limit

There is no direct limit on debt in the City Charter. Statutes of the State of Texas do not provide any limitations on the dollar amount of debt cities can float; however, as a matter of policy, the Attorney General of Texas, will not approve the issuance of bonds where the total debt service of all tax supported debt requires a tax rate of more than \$1.50 per \$100 assessed valuation. The truth-in-taxation criterion specifies that debt (Interest & Sinking) requirements must be met first, and then the operations can be funded. The property tax rate to meet these needs cannot exceed \$2.50 per \$100 valuation.