## State School Bond and Taxes

**Q. Does Proposition 51 increase state taxes to pay for principal and interest payments?**

**Answer.** No. There is not a state tax increase for state general obligation bonds like Proposition 51. Principal and interest are paid from existing state revenue sources.

**Q. If there is not a state bond with matching funds; will there be an effect on local taxes?**

**Answer.** Probably. If a school district has $100 million in facility projects and can receive $40 million from the state, local taxpayers will only need to have a $60 million local tax increase to build those facility projects. If, however, there are no state matching funds, then the local taxpayer could be asked to fund the entire $100 million, meaning an additional $40 million local tax increase.

**Q. Because Proposition 51 authorized bonds means there will be more debt. Should that additional debt be considered a tax?**

**Answer.** Because the debt is paid from existing tax revenues, Proposition 51 is more like taxpayers telling the state government how to spend the taxes they paid. Proposition 51 returns some of the taxes paid to the state back to local taxpayers in the form of a state match for local school facility funds.