

How One Penny Decides \$100 Million

The math behind how one percent of local sales tax can nearly double a developer district's borrowing power.

Scenario	Public CAD Framework	Developer MMD Framework
Sales Tax (1%)	Not available to MMD	Developer can levy inside district
Property-tax Capacity	\$30 - \$60 million	\$30 - \$60 million
Special Assessments & Fees	\$5 - \$15 million	\$5 - \$15 million
Sales-tax Bond Capacity	---	+ \$35 - \$40 million
Total Financing Power	\$35 - \$75 million	\$70 - \$115 million
Investor Appeal	Limited	Strong - nearly double leverage

What It Means

- A Municipal Management District (MMD) can apply for sales-tax authority if no public district claims it.
- Without sales-tax income, an MMD's borrowing power drops nearly 50%.
- With that penny available, a private MMD can leverage public revenue to issue bonds, attract investors, and fund infrastructure with little public oversight.

How We Got the Numbers:

Estimates are based on TexasLand USA's own first-phase scale (\approx \$400 M in taxable improvements, \approx \$250 M in annual sales). A 1 % sales tax equals about \$2.5 M per year — enough to support \$35-\$40 M in bonds. Adding property-tax and fee capacity brings total MMD financing power to \$70-\$115 M depending on whether sales-tax revenue remains public — or is available to an MMD.

One percent of local sales tax can significantly change how development is financed. When that revenue remains public, infrastructure funding stays under local oversight. When available to private districts, it can expand developer borrowing power.