

City Bond Issuance and Debt Service

In addition to cash resources, the City also uses bonds and property tax levies to fund a variety of capital improvement projects. The City's budget must include funds to pay interest and principal on outstanding and proposed bonds. The City has issued three types of debt to finance its capital improvement programs: unlimited tax general obligation bonds, limited tax general obligation bonds and revenue bonds.

Unlimited Tax General Obligation Bonds

The City may issue Unlimited Tax General Obligation (UTGO) Bonds for capital purposes if a proposition authorizing their issuance is approved by 60% of the voters in an election in which the number of voters exceeds 40% of the voters in the most recent general election. Payment of principal and interest is backed by the "full faith and credit" of the City. This means that the City commits itself to include in its property tax levy an amount that is sufficient to pay principal and interest on the bonds. Property taxes levied to pay debt service on UTGO bonds are not subject to the statutory limits in state law on the taxing authority of local governments, which is why UTGO bonds are "unlimited" (see the "Property Tax" section of the "Revenue Overview" for a description of statutory limits on property tax rates and growth). However, state law does limit the amount of UTGO bonds that can be outstanding at any time to 7.5% of assessed valuation of property in the city: 2.5% for open space and park facilities, 2.5% for utility purposes, and 2.5% for general purposes. As of December 31, 2025, there was approximately \$207.1 million in UTGO bonds outstanding.

Limited Tax General Obligation Bonds

The City Council may authorize the issuance of Limited Tax General Obligation (LTGO) Bonds, also known as Councilmanic bonds, in an amount up to 1.5% of assessed valuation, without a vote of the people. The City pledges its full faith and credit to the payment of principal and interest on LTGO bonds, but this pledge must be fulfilled within the City's statutory property tax limitations. Thus, these are "limited" general obligation bonds. The combination of UTGO bonds issued for general purposes and LTGO bonds cannot exceed 2.5% of assessed property valuation. If LTGO bonds are issued up to the 1.5% ceiling, then UTGO bonds for general purposes are limited to 1% of assessed value.

The City also guarantees debt issued by the Museum Development Authority. As of December 31, 2025, the guarantees totaled \$17.3 million in addition to approximately \$618.5 million in LTGO bonds outstanding. Guarantees count against the City's LTGO debt capacity.

Revenue Bonds

Revenue bonds are used to provide financing for the capital programs of City Light and the three other utilities - Water, Drainage and Wastewater, and Solid Waste - which are grouped together in Seattle Public Utilities. The City does not pledge its full faith and credit to the payment of debt service on revenue bonds. Payment of principal and interest on the bonds issued by each utility is derived solely from the revenues generated by the issuing utility. No tax revenues are used to pay debt service.

When revenue bonds are sold, the City commits itself to set fees and charges for the issuing utility that will be sufficient to pay all costs of operations and maintenance, and all payments of principal and interest on the bonds. While the amount of revenue bonds is not subject to statutory limits, the utility's ability to repay debt with interest is a practical constraint.

Forms of Debt Authorized by State Law

Table 1 below summarizes the conditions and limitations that apply to the issuance of the general obligation debt issued by the City.

Table 1: Summary of Conditions and Limitations for City Debt Issuances

Form of Debt	Voter Approval Required	Source of Repayment	Statutory Limitation	Current Limit ¹	Total Debt Outstanding 12-31-25 ¹
Unlimited Tax General Obligation Bonds (UTGO)					
Parks & Open Space	Yes	Property Tax	2.5% of AV	\$7.7 Billion	\$0
Utility	Yes	Property Tax	2.5% of AV	\$7.7 Billion	\$0
General Purposes	Yes	Property Tax	1.0 % of AV ²	\$3.1 Billion	\$207 Million
Limited Tax General Obligation Bonds (LTGO)	No	Taxes & Other Revenues	1.5% of AV ²	\$4.6 Billion	\$636 Million ³

¹ As of 12/31/25, assuming the latest certified assessed value of \$308.78 billion, issued on February 1, 2026 for taxes payable in 2026.

² The sum of UTGO and LTGO debt for general purposes cannot exceed 2.5% of assessed valuation.

³ Includes \$17.3 million of PDA debt guarantees.

City Debt Management Policies and Bond Ratings

The use of debt financing by the City is subject to federal and state laws as well as the City's own debt management policies ([Resolution 31553](#)).

The City has earned very high ratings on its bonds as a result of a strong economy and prudent financial practices. The City's UTGO debt is rated Aaa by Moody's Ratings (Moody's), AAA by Fitch Ratings (Fitch), and AAA by S&P Global Ratings (S&P), which are the highest possible ratings. The City's LTGO debt is also rated Aaa by Moody's, AAA by Fitch, and AAA by S&P. In addition, the City's utilities have very high ratings for revenue debt, reflecting sound finances and good management.

2027 Projected Bond Issues

In 2027, the City is authorized to issue approximately \$111.2 million of limited tax general obligation (LTGO) bonds for a variety of purposes. Table 2 lists the financed projects and other details of the financing plan. Bond proceeds will be deposited into the 2027 Multipurpose LTGO Bond Fund and the 2027 Multipurpose LTGO Bond Fund B. City departments responsible for all or portions of projects listed in Table 2 will then draw money from the fund(s) as appropriated to implement the projects. The appropriation authority for spending the bond proceeds is included in the respective departments' sections of this budget.

Table 2: 2027 Multipurpose LTGO Bond Issuance Costs - Informational Only (\$1,000s)

Project	Capital Cost	Approx. Par Amount (1)	Max. Term	Approx. Rate	Estimated Debt Service 2027 (2)	Estimated Debt Service 2027	Debt Service Funding Source (3)
Waterfront Operations and Tribal Interpretive Center	\$6,776	\$6,979	20	5.25%	\$366	\$572	Real Estate Excise Tax
Human Capital Management System	\$13,200	\$13,596	8	4.25%	\$578	\$2,040	FAS Rates
SLIM Replacement FAS	\$2,779	\$2,862	8	4.25%	\$122	\$430	General Fund
SLIM Replacement	\$4,019	\$4,140	8	4.25%	\$176	\$621	General Fund
Computing Services Architecture	\$5,700	\$5,871	5	4.25%	\$250	\$1,328	ITD Rates
Data and Telephone Infrastructure	\$2,000	\$2,060	5	4.25%	\$88	\$466	ITD Rates
Lake City Community Center Redevelopment	\$15,500	\$15,965	20	5.25%	\$838	\$1,308	MPD
Green Lake Community Center & Evans Pool Substantial Alteration	\$3,500	\$3,605	20	5.25%	\$189	\$295	MPD
Queen Anne Community Center Renovation	\$7,900	\$8,137	20	5.25%	\$427	\$667	MPD
Loyal Heights Community Center Renovation	\$10,000	\$10,300	20	5.25%	\$541	\$844	MPD
Memorial Stadium Redevelopment	\$39,800	\$40,994	20	6.50%	\$2,665	\$3,720	Real Estate Excise Tax
Total	\$111,174	\$114,509			\$6,239	\$12,292	

(1) Includes 3% for costs of issuance and pricing adjustments.

(2) 2027 Estimated Debt Service includes interest only.

(3) Metropolitan Park District (MPD)

Table 3: 2027 Multipurpose LTGO Fund Issuance Costs - Informational Only (\$1,000s)

Approximate Par Amount	Issuance Costs & Pricing Adjustments	Approximate 2027 Issuance Cost
\$114,509	3%	\$3,335

2027 Debt Service

In 2027, debt service associated with outstanding LTGO bond issues as well as the planned 2027 bond issuances is expected to be approximately \$101.1 million. Appropriation authority for debt service costs is included in the respective departments' sections of this budget. The Debt Service Appendix lists debt service amounts by the paying fund.