



# Debt Reduction Report

Rider 31, TxDOT Bill Pattern, General Appropriations Act  
FY 2024-2025, 88th Legislature

August 31, 2025

# Introduction

Through several debt financing programs provided by the Texas Legislature, the Texas Transportation Commission (Commission) and the Grand Parkway Transportation Corporation (GPTC) have been able to deliver additional transportation projects throughout the State of Texas. The Texas Department of Transportation (TxDOT) continually monitors its financing programs for opportunities to reduce debt service costs through refunding, restructuring, refinancing and defeasing existing debt.

In accordance with Rider 31 of TxDOT's bill pattern (General Appropriations Act, HB 1, 88th Legislature, 2023) TxDOT hereby submits its "Debt Reduction Report" outlining the results of its efforts to capture savings on bond indebtedness and reduce debt during fiscal year 2025.

Rider 31 states:

*"It is the intent of the Legislature that the Texas Transportation Commission and the Department of Transportation look for any and all opportunities for savings that may be accomplished for the department and the state from efforts to refinance the outstanding bond indebtedness issued for its transportation programs under terms and conditions that the commission finds to be in the best interest of the state. The department shall report to the Governor, Lieutenant Governor, Speaker of the House, and the Legislature annually on the outcomes of these efforts with the report due on or before August 31 of each fiscal year in which the Texas Transportation Commission finds opportunities to refinance its debt."*

## Debt Savings Efforts in FY 2025

In the fiscal year 2025, the department generated total savings of \$74 million (or approximately \$55 million in savings on a present value basis) by completing the refunding transaction detailed below.

### **State of Texas General Obligation Mobility Fund Refunding Bonds, Series 2024**

In October 2024, TxDOT refinanced approximately \$840 million in existing Texas Mobility Fund bonds. The refunding resulted in total interest rate savings of approximately \$74 million (or approximately \$55 million on a present value basis) which would have been paid from fiscal years 2026 to 2045. The savings represent 5.6% of the bonds refunded, a savings level well in excess of the Commission's guideline of 3%.

Additionally, this refinancing included the second successful tender offer executed by a state agency in Texas, following the first tender completed for the Highway General Obligation bond transaction in FY 2024. This contributed to a higher level of savings. A tender is a public offer by an issuer to purchase outstanding bonds (in this particular case taxable bonds) from existing holders typically at a slight premium to market value but lowering the cost of the debt by issuing lower cost tax-exempt replacement bonds. Investor participation is voluntary but approximately \$324 million in bonds were tendered, representing 29% of the universe of bondholders solicited.

# Cumulative Debt Savings Since FY 2014

The table below presents cumulative debt service savings since the inception of this report in FY 2014.

Cumulative Debt Service Savings Since the Inception of the Debt Reduction Report						
Program	Prior Fiscal Years <sup>1</sup>		FY 2025		Total*	
	Gross Savings	PV Savings <sup>2</sup>	Gross Savings	PV Savings <sup>2</sup>	Gross Savings	PV Savings <sup>2</sup>
Texas Mobility Fund Bonds	\$938 million	\$655 million	\$74 million	\$55 million	<b>\$1.01 billion</b>	<b>\$709 million</b>
State Highway Fund/ Prop 14 Bonds	\$353 million	\$283 million	-	-	<b>\$353 million</b>	<b>\$283 million</b>
Highway General Obligation/ Prop 12 Bonds	\$417 million	\$291 million	-	-	<b>\$417 million</b>	<b>\$291 million</b>
Central Texas Turnpike System Bonds	\$1.32 billion	\$642 million	-	-	<b>\$1.32 billion</b>	<b>\$642 million</b>
Grand Parkway Transportation Corporation System Bonds	\$725 million	\$399 million	-	-	<b>\$725 million</b>	<b>\$399 million</b>
<b>Total*</b>	<b>\$3.76 billion</b>	<b>\$2.27 billion</b>	<b>\$74 million</b>	<b>\$55 million</b>	<b>\$3.83 billion</b>	<b>\$2.32 billion</b>
<sup>1</sup> Activity since inception of the Debt Reduction Report requirement under TxDOT Rider 31 which includes FY 2014 - FY 2024. <sup>2</sup> PV Savings as of the date of the refinancing. * Amounts may not sum due to rounding.						

## Conclusion

It is the policy of the Commission to ensure that all debt programs and municipal bond transactions are undertaken in the most efficient manner and with the expectation of achieving the lowest cost of capital. The Commission will continue to monitor its debt programs to look for opportunities to capture debt service savings.