

CAN YOU IMAGINE?

How Much Stronger Could Main Street Be?

A Counterfactual Recovery Model for Eliminating Recurring Property-Tax Distortions, Ending Proven Unlawful Appraisal Practices, and Restructuring Unsupported School-District Debt

The purpose of this memorandum is not to assume a result. It is to identify the data, formulas, and transition tests required to answer the question honestly.

Prepared for the Treasury / Bond Credibility Chain Working Group

September 15, 2026

TO:	Treasury / Bond Credibility Chain Working Group
FROM:	Mitchell Vexler
DATE:	September 15, 2026
RE:	Can You Imagine? — A Main Street Recovery Counterfactual

EXECUTIVE SUMMARY

The question. How much stronger could the Main Street economy become if recurring property-tax burdens were eliminated, proven unlawful appraisal and financing practices were terminated, unsupported school-district obligations were restructured or extinguished through lawful process, and essential public services were funded through a transparent replacement system tied more directly to actual economic activity?

Short answer. Potentially much stronger — but the strength cannot responsibly be expressed as a single GDP number until the underlying debt and revenue ledgers are reconciled. The available public data already show that the amounts at stake are measured in hundreds of billions of dollars of annual tax flows and trillions of dollars of municipal securities. The economic gain would come not merely from moving one tax to another, but from lowering fixed claims against households and productive property, reducing appraisal and litigation friction, restoring capital reserves, and reducing the debt service that the replacement tax system would otherwise have to carry.

The decisive analytical rule: UNKNOWN is not ZERO. Missing principal, future interest, guarantees, leases, off-balance-sheet obligations, or other claims must remain UNKNOWN until reconciled.

Guardrail. This memorandum does not assume that every central appraisal district, school district, bond, appraisal, or official act is fraudulent. Where fraud or unlawful conduct is alleged, the conclusion must be tied to source-level proof. The economic model asks what happens if proven unlawful practices are ended and obligations that cannot be supported by sustainable cash flow are lawfully restructured.

A second thesis now follows from the debt work. A voter cannot intelligently authorize a public obligation that is not presented as a complete economic claim. The model therefore adds an informed-consent layer before the solvency test: Disclosure → Comprehension → Authorization → Economic Capacity. Only after those four steps can the public meaningfully test whether $X \leq Y$.

The public must see the obligation in full before being asked to approve it.

I. THE ANSWER BEGINS WITH A SIMPLE CASH-FLOW FACT

Every local tax, every school-district bond payment, every hotel room, every retail lease, and every municipal guarantee ultimately depends on productive cash flow. The household earns the money. The business earns the revenue. The property must preserve itself. Government can redistribute those cash flows, but it cannot create sustainable taxable capacity by accounting assumption.

No Mom and Pop → No Revenue → No Sustainable Asset → No Sustainable Tax Base → No Credible Bond

The inverse is the Main Street Recovery Loop: reduce recurring fixed claims against households and productive assets; increase disposable cash and capital reserves; improve consumption, maintenance, tenant quality, staffing, and investment; strengthen sustainable property cash flow; and reduce the need to finance yesterday's obligations from tomorrow's taxpayers.

II. WHAT THE PUBLIC DATA ALREADY ESTABLISH

Public anchor	Latest figure used	Why it matters
2024 state/local property-tax collections	\$797 billion	Shows the annual scale of the recurring tax claim against residential and commercial property.
U.S. households, 2024 ACS	132.7 million	Provides a national household scale; property tax is not borne only by homeowners because commercial tax can pass through rents and prices.
Municipal securities liabilities, 2026 Q2	\$4.541 trillion total; \$3.642 trillion state/local government	A market/financial-accounts measure of municipal securities, not a complete ledger of every future interest payment or contractual obligation.
2025 personal consumption expenditures	\$20.955 trillion	Provides an upper-bound consumption base for testing replacement-sales-tax mathematics; the actual taxable base would be smaller.

Sources: U.S. Census Bureau / Quarterly Summary of State & Local Tax Revenue (as reported by NAHB); U.S. Census Bureau ACS 2024; Federal Reserve Financial Accounts Z.1; U.S. Bureau of Economic Analysis.

III. THE \$5.1 TRILLION NUMBER: USE IT AS A FLOOR, NOT AS A REPORTED TOTAL

Methodology supplied for this model. The \$5.1 trillion figure is not presented as the officially reported par amount of school-district bonds outstanding. It is a bottom-up modeled minimum derived from the lowest per-household school-district bond burden identified in the underlying work — approximately \$70,000 — applied to the restricted residential base used in that analysis. The model intentionally stopped at a number that could be defended as a floor rather than adopting larger estimates that could not yet be independently reconciled.

What is deliberately excluded from the \$5.1 trillion floor. The working analysis does not purport to fully capture municipal debt outside the school-district layer, every future interest payment, EDC obligations, Chapter 313-related commitments, lease or certificate structures, guarantees, non-CUSIP financing, or other off-balance-sheet obligations for which complete source records have not been obtained.

\$5.1T should therefore be labeled: MINIMUM MODELED SCHOOL-DISTRICT ECONOMIC BURDEN — PENDING FULL RECONCILIATION.

Outside estimates. A substantially larger outside estimate, approximately \$17 trillion including broader obligations, has been discussed by independent counsel. It is not used in this memorandum's calculations because it has not been independently reconciled within this work.

IV. WHY THE FEDERAL \$4.5 TRILLION MUNICIPAL-SECURITIES NUMBER DOES NOT END THE INQUIRY

The Federal Reserve's Financial Accounts report approximately \$4.541 trillion of municipal-securities liabilities in 2026 Q2, including approximately \$3.642 trillion attributed to state and local governments. That is an authoritative financial-accounts series for municipal securities. It is not, by itself, a source-level reconciliation of every principal payment, future interest obligation, guarantee, lease, development commitment, or other claim on future local tax revenue.

The proper reconciliation is therefore:

Reported Securities + Future Interest + Refunding/Rollover Exposure + Guarantees + Lease/Contractual Obligations + Other Verified Non-CUSIP Claims + UNKNOWN = Total Economic Obligation

The \$4.541 trillion public-market measure and the \$5.1 trillion modeled school-district floor cannot be responsibly compared until the definitions, timing, interest treatment, issuer universe, and obligation types are harmonized.

V. THE GOVERNING FISCAL RULE: X CANNOT BE GREATER THAN Y

The proposed reform model is governed by a simple constraint: public obligations cannot sustainably exceed the real economic capacity available to support them. Financial engineering can change timing, labels, security identifiers, or the route by which the obligation reaches taxpayers; it cannot repeal arithmetic.

$X \leq Y$ | Total verified claims must remain less than or equal to sustainable economic capacity.

For purposes of the model:

- X = verified government operating cost + lawfully supportable principal + stated interest + accretive/capitalized interest + refunding costs + leases + guarantees + development commitments + other verified obligations + necessary reserves.
- Y = sustainable revenue generated by households and productive businesses without consuming the capital required to preserve those households, businesses, and assets.

If X exceeds Y, the choices are to reduce X, increase legitimate sustainable revenue, restructure obligations, or transfer the burden to future taxpayers. The model rejects the use of escalating assessed values or unreconciled borrowing as substitutes for underlying cash capacity.

Texas transition model: 15% for three years, then approximately 11%

The Texas working model developed by the project uses a 15% Uniform State Sales Tax during a three-year reconciliation period, followed by an approximately 11% stabilized rate. The four-percentage-point transition cushion was included specifically because Chapter 313 commitments, off-balance-sheet financing, and other obligations could not be completely quantified from the records available to the working group.

The 15% rate is a TRANSITION RECONCILIATION RESERVE — not the proposed permanent rate. The stabilized working assumption is approximately 11%, subject to audited real-world results.

A disciplined implementation would require a hard sunset or automatic rate reset after the three-year reconciliation period unless publicly audited source-level data demonstrate that another rate is mathematically necessary. Any transition surplus not required for verified obligations should reduce the rate or be returned through a defined mechanism rather than becoming a permanent spending base.

VI. THE FINANCIAL-ENGINEERING LAYER: DIFFERENT WRAPPERS, THE SAME ECONOMIC TEST

Different states may use different financing instruments: conventional bonds, capital-appreciation or accretive structures, energy-performance contracts, economic-development obligations, lease structures, tax-incentive arrangements such as Chapter 313 agreements, certificates, guarantees, or other financing that may not appear in a single headline debt number. The instrument name does not answer the economic question.

Financial engineering becomes economically destructive when it changes the appearance or timing of an obligation without increasing the productive capacity that must ultimately service it.

The common test is whether the total economic claim created by the transaction remains supportable from sustainable cash flow. A present benefit financed by future cash that has not yet been earned creates the same fundamental risk whether the wrapper is a bond, lease, refunding, energy contract, or development agreement.

A working-group example discussed in September 2026 involved California school-district exhibits showing combined stated and accretive interest that materially increased the ultimate repayment burden. The broader lesson for this memorandum is not that every such instrument is unlawful; it is that the full economic claim must be identified before the public can test $X \leq Y$.

Capital-discipline rule

The policy principle discussed by the working group can be stated as follows: no new school facility should be undertaken unless the full capital cost is already funded from available cash, accumulated reserves, or another presently funded source that does not require future taxpayers to validate an unaffordable present project. The relevant project cost must include the lifecycle burden — land, construction, furnishings, technology, staffing, maintenance, utilities, and replacement capital — rather than stopping the calculation at the construction contract.

VII. INFORMED CONSENT IN PUBLIC FINANCE: DISCLOSURE BEFORE AUTHORIZATION

The economic-capacity test comes after an even more basic question: did voters receive enough complete, comprehensible information to know what they were authorizing? The legitimacy of a public-finance vote depends not only on the legal form of the instrument but also on whether material economic terms were disclosed in a way that permits informed authorization.

Voters cannot test $X \leq Y$ if X is not disclosed.

Four sequential tests should be applied:

1. Disclosure Test — Were the material economic terms of the obligation disclosed, including principal, expected interest, accretive or capitalized interest, maturity, overlapping debt, and material related commitments?
2. Comprehension Test — Could a reasonable voter understand the total economic obligation without becoming a municipal-finance specialist?
3. Authorization Test — Did the vote actually authorize the economic obligation that was later created, rather than only a headline principal amount or project description?
4. Capacity Test — Even if fully disclosed and approved, does the resulting total claim remain within sustainable economic capacity so that $X \leq Y$?

Voter-facing materials, investor disclosure, and the CUSIP are different things

The working group has observed that public-facing bond advertising and election materials often do not present a consolidated year-by-year schedule of the future taxpayer obligation. The MSRB states that an official statement is the primary investor disclosure document and typically includes the timing and manner of principal and interest payments, outstanding debt, and the issuer's future debt burden. A CUSIP, however, is a unique identifier used to locate information about a security; it is not itself an amortization schedule.

In the materials reviewed by the project to date, the working group has not located a CUSIP-linked, taxpayer-facing schedule that independently follows the obligation year by year from authorization through final retirement and every subsequent refunding. This is a project observation, not a universal claim about every municipal issue in the United States.

Legal guardrail on omission claims

Where material information is omitted, the legal conclusion depends on the governing duty to disclose, materiality, the context in which other statements were made, and the state-of-mind requirements of the applicable law. Federal

municipal-securities antifraud principles prohibit materially misleading statements and material omissions necessary to make statements not misleading in the securities context. Accordingly, this memorandum treats “fraud by omission” as a conclusion to be tied to the evidence and applicable legal elements, while treating incomplete economic disclosure as an independently testable factual issue.

Public financial literacy is part of the control system

The information asymmetry is intensified because most citizens are never taught how public debt works. Principal, coupon interest, accretive interest, refunding, overlapping debt, assessed valuation, debt-service tax rates, guarantees, leases, and off-balance-sheet structures are rarely part of ordinary financial education. A technically accurate disclosure can therefore fail its democratic purpose if the controlling economics are inaccessible to the people being asked to approve the obligation.

VIII. DEBT GENEALOGY AND REFUNDING RECONCILIATION

A bond can disappear as a security without the taxpayer’s economic obligation disappearing. If an old issue is refunded with a new issue, the original security may be legally retired while the economic claim is carried forward. The correct audit question is therefore not merely whether the original CUSIP was retired, but what cash was actually used to extinguish principal and what successor obligation replaced it.

Refunding does not necessarily increase the interest rate. A refunding may reduce the coupon or present-value debt service when rates fall. It may also extend maturity, add transaction costs, alter annual debt service, or increase total nominal dollars paid; in a higher-rate environment it may worsen both timing and cost. Therefore every refunding requires a before-and-after reconciliation.

Payment and rollover are not the same event. A retired CUSIP does not prove that the taxpayer’s underlying economic claim was extinguished with cash.

Debt Genealogy / Refunding Reconciliation table

Field	Required reconciliation
Original CUSIP / series	Identify the original security or series.
Original principal	Amount initially borrowed.
Coupon / accretion structure	Stated, capitalized, or accretive interest mechanics.
Original maturity	When the original obligation was scheduled to end.
Annual principal due	Year-by-year principal schedule.
Annual interest due	Year-by-year stated and accretive interest schedule.
Total original debt service	Principal plus interest under the original structure.
Principal actually retired with cash	Amount economically extinguished rather than replaced.
Amount refunded / rolled	Amount carried into a successor obligation.
New CUSIP / series	Identifier for the successor financing.
New principal	Replacement principal including permitted financing additions.
New rate / accretion terms	Cost after refinancing.
New maturity	Whether the repayment horizon was shortened or extended.
New annual debt service	Year-by-year taxpayer requirement after refunding.
Cumulative economic obligation	Original chain plus successor obligations through final payoff.
Voter vs. investor disclosure	What voters were shown, what investors were shown, and material differences.

Proposed Truth in Public Borrowing Statement

Before any voter authorization, the public should receive a standardized one-page statement that presents the expected obligation through final maturity. At minimum it should identify:

- Beginning principal by year;
- new borrowing by year;
- principal paid with cash by year;
- stated interest paid by year;
- accretive or capitalized interest added by year;

- refunding proceeds and successor debt by year;
- ending principal by year;
- maximum expected total repayment if held to maturity;
- existing overlapping taxpayer-supported debt;
- combined projected obligation after approval; and
- the stressed taxpayer impact if assessed-value growth, enrollment, or revenue assumptions fail to materialize.

A vote on principal alone is not economically equivalent to a vote on the total obligation when interest, accretion, refinancing, maturity extension, overlapping debt, and related commitments determine the amount taxpayers will ultimately be required to produce.

IX. HOW MAIN STREET COULD BECOME STRONGER

A. Household disposable income and durable ownership

Eliminating a recurring property-tax claim increases the cash retained by households before considering the replacement tax. The economic significance is not only the annual bill. It also changes the risk of owning a home because the owner is no longer exposed to an open-ended ad valorem claim that can rise independently of current household cash flow. The result can be greater ability to save, pay down mortgage principal, maintain the home, consume, or invest.

B. Small business and commercial real estate

Property taxes are a fixed or semi-fixed claim against business property. Removing or reducing that claim can increase sustainable pre-debt cash flow, fund tenant improvements and replacement reserves, preserve buildings, and reduce the need to raise rents merely to recover tax growth. The prior hotel/retail analysis shows why accounting NOI is insufficient when the property lacks the cash required to preserve the asset.

C. Hospitality, restaurants, and service employment

Hotels must maintain a quality staffing floor, physical plant, restaurants, security, engineering, life-safety systems, and guest services even when occupancy softens. A lower recurring fixed burden can preserve staffing and CapEx. That protects guest experience, repeat visitation, food-and-beverage revenue, gaming revenue, and the wider local employment ecosystem.

D. Capital formation

When less cash is consumed by recurring asset-based taxation and unsupported debt service, more capital can remain available for productive uses: maintenance, equipment, housing improvement, tenant build-outs, business expansion, inventory, wages, and new investment.

E. Reduced appraisal, protest, and litigation friction

A system that no longer requires annual or periodic valuation disputes on the same scale can potentially reduce appraisal administration, tax-protest costs, legal expense, consulting expense, and management time. These savings are economically real even though they are not yet comprehensively quantified in this memorandum.

X. THE RECOVERY MODEL MUST BE BUDGET-CONSISTENT

Repealing \$797 billion of property taxes does not automatically create \$797 billion of net national stimulus if essential public services are then financed by another tax. A credible model must avoid counting the same dollar twice.

Net economic benefit is determined by what is removed, what must be replaced, what debt service disappears, what administrative friction disappears, and how the incidence of the replacement system changes behavior.

A. Required replacement revenue

Required Replacement Revenue = Essential Operating Services + Restructured Debt Service + Necessary Reserves + Transition Costs – Other Existing Revenues – Administrative/Compliance Savings

B. Net direct Main Street cash effect

Net Direct Cash Effect = Property Taxes Removed – Replacement Consumption Taxes Paid

Debt restructuring matters because it can reduce the amount the replacement system must raise. The benefit is therefore not properly calculated by adding property-tax repeal and school-bond debt service as though they were independent cash flows when debt service is already embedded in local budgets.

XI. WHAT A UNIFORM SALES-TAX REPLACEMENT WOULD HAVE TO PROVE

Using 2025 personal consumption expenditures of approximately \$20.955 trillion only as a broad benchmark, replacing \$797 billion of annual property-tax collections would mathematically equal about 3.8% of the entire PCE base. That is not a realistic statutory rate because not all PCE would be taxable and exemptions materially shrink the base.

Taxable share of PCE (illustrative)	Taxable base	Rate to raise \$797B
100%	\$20.955T	3.80%
80%	\$16.764T	4.75%
70%	\$14.668T	5.43%
60%	\$12.573T	6.34%
50%	\$10.477T	7.61%
40%	\$8.382T	9.51%

Illustrative only. These calculations do not specify what would be taxable, whether food/medicine/housing would be exempt, how business inputs would be treated, or how debt restructuring and government savings would reduce the required revenue target.

XII. THE SCHOOL-DEBT SCALE TEST

The \$5.1 trillion modeled floor is a stock, not an annual flow. To illustrate scale only, a \$5.1 trillion obligation carrying an average 4%–6% interest cost would imply approximately \$204–\$306 billion per year of interest before any principal amortization. A fully amortizing 30-year obligation at those rates would require roughly \$295–\$371 billion per year.

These are sensitivity calculations, not claims about the actual coupon, maturity structure, or current annual debt service of the modeled school-district universe.

This demonstrates why the debt ledger matters to tax reform. If unsupported obligations are legally restructured, the annual revenue requirement of the replacement system may fall materially. If they are not restructured, repealing property taxes without addressing debt merely moves the same fixed claim to another tax base.

XIII. THE MAIN STREET RECOVERY LOOP

1. Recurring property-tax claim is removed or materially reduced.
2. Replacement revenue is limited to verified essential services and supportable restructured obligations.
3. Household and business fixed-cost burden falls.
4. Disposable income and sustainable property cash flow rise.

5. Maintenance, tenant improvements, staffing, and capital reserves improve.
6. Retail, restaurant, hospitality, and local-service demand strengthens.
7. Property becomes more productive rather than merely more highly assessed.
8. Employment and business income strengthen.
9. The tax system collects from actual economic activity rather than from an assumed asset value.
10. Lower debt-service requirements reduce the amount of future cash that must be extracted from Main Street.

This is the positive mirror image of Terminal Failure: instead of converting productive cash into fixed claims and deferred maintenance, the Recovery Loop returns cash to productive use.

XIV. WHAT WOULD HAVE TO BE TRUE FOR THE RECOVERY TO BE LARGE

- The property-tax repeal must not be replaced dollar-for-dollar by an equally distortionary or larger burden on the same households.
- Essential school, police, fire, infrastructure, and other services must remain funded.
- Unsupported debt must be identified obligation by obligation; lawful restructuring cannot be based on a blanket assumption that every bond is fraudulent.
- Bondholder, pension, bank, insurer, mutual-fund, and guarantor losses must be mapped because extinguishing a liability also extinguishes somebody else's asset. Those who chose to invest in fraudulent bonds may not be made whole.
- The replacement sales-tax base must be broad enough to keep the rate sustainable and must be designed with transparent treatment of necessities and business inputs.
- The appraisal, debt, and financing data must be reconciled to source documents so that UNKNOWN items are not silently treated as zero.
- X can never be greater than Y.

XV. WHY THE INFORMATION GAP IS ITSELF PART OF THE ANSWER

The inability to obtain a single reconciled national ledger of school-district principal, future interest, refundings, guarantees, leases, development obligations, and other financing prevents a definitive national answer today. That does not justify substituting a guess. It identifies the exact information that must be obtained.

The verification request should ask each responsible authority to identify:

- every outstanding principal obligation by issuer and source document;
- all scheduled future interest by obligation;
- refunded and rolled obligations, including what was actually retired;
- guarantees and contingent claims;
- lease-purchase, certificate, EDC, development, and other financing structures;
- the revenue stream legally pledged to each obligation;
- the assessed-value assumptions underlying that revenue stream; and
- the complete reconciliation between reported market debt and total economic claims on future taxpayers.

If the authoritative ledger exists, produce it. If it does not exist, that absence is itself a material credit-risk fact.

XVI. THE QUESTION THAT SHOULD BE PUT TO TREASURY AND POLICYMAKERS

How much stronger would Main Street be if households and productive businesses were no longer required to carry recurring property-tax claims and unsupported debt, and if public finance were rebuilt around verified obligations, sustainable cash flow, and transparent taxation of actual economic activity?

That question can be answered. The data architecture is now clear. The answer requires a national reconciliation rather than another top-line estimate.

XVII. PROPOSED OUTPUTS OF THE MAIN STREET RECOVERY MODEL

- Annual property-tax cash released, by household and commercial-property class.
- Replacement sales-tax requirement under multiple taxable-base assumptions.
- Verified essential-government operating cost after administrative savings.
- Supportable versus unsupported school-district debt service.
- Debt-service reduction under restructuring scenarios.
- Household disposable-income effect by income band.
- Commercial-property sustainable cash-flow effect.
- Capital reserve / maintenance / TI recovery.
- Employment and consumption sensitivity.
- Bondholder and financial-system transition losses.
- Net fiscal and economic effect after avoiding double counting.
- Debt genealogy for each material school-district issue, including all successor refundings and the amount of principal actually retired with cash.
- Year-by-year voter-facing total-obligation schedule: principal, stated interest, accretive interest, refundings, and ending balance.
- Disclosure-gap audit comparing voter materials, official statements, continuing disclosures, and the economic obligation ultimately imposed on taxpayers.
- Three-year Texas transition-rate reconciliation: 15% working transition rate, quantified unknown obligations, and the conditions required to reset toward the approximately 11% stabilized rate. Other states can achieve 9 – 11% immediately due to population and expense ratios.

XVIII. CONCLUSION

The strongest answer is not that eliminating property taxes and school-district debt would automatically create a specific amount of prosperity. The strongest answer is that the current system can now be tested as a cash-flow system.

The United States collected roughly \$797 billion of property taxes in 2024. The Federal Reserve reports roughly \$4.5 trillion of municipal-securities liabilities, while the working Bond Credibility Chain analysis uses a separately derived \$5.1 trillion minimum modeled school-district burden pending full reconciliation. Those figures use different definitions and therefore cannot be collapsed into one number. But together they demonstrate that the potential reallocation of capital is large enough to demand source-level verification.

If recurring asset-based taxation is replaced by a transparent, sustainable revenue system; if proven unlawful appraisal and financing practices are ended; if unsupported obligations are lawfully restructured; and if essential services remain funded, then Main Street could retain more of the cash required for ownership, maintenance, staffing, consumption, investment, and capital formation.

The purpose of the Recovery Model is to measure the difference between money extracted from productive capacity and money required to preserve productive capacity.

The fiscal rule and disclosure rule are therefore inseparable: X cannot be greater than Y , and voters cannot evaluate $X \leq Y$ unless X is disclosed in full. Financial engineering may alter the timing or form of a liability, but it cannot convert an undisclosed or economically unsupported claim into sustainable productive capacity.

Price is what you pay. Value is what you receive. Liquidity is what you receive today. Solvency is whether you can survive tomorrow.

SOURCES AND DATA NOTES

1. U.S. Census Bureau, 2024 State & Local Government Finance Datasets and Tables, July 2026.
<https://www.census.gov/data/datasets/2024/econ/local/public-use-datasets.html>
2. National Association of Home Builders, “Total Property Tax Collections Hit Record High in 2024,” March 31, 2025, reporting U.S. Census Quarterly Summary of State & Local Tax Revenue data: \$797 billion in 2024 property-tax collections. <https://www.nahb.org/blog/2025/03/state-local-property-tax-collection-2024>
3. U.S. Census Bureau, ACS 1-Year 2024, Table S1101, Households and Families: 132,737,146 households.
<https://data.census.gov/table/ACSST1Y2024.S1101>
4. Board of Governors of the Federal Reserve System, Financial Accounts of the United States, Table F.3.4.s Municipal Securities, 2026 Q2: \$4.5411 trillion total liabilities; \$3.6419 trillion state and local government municipal securities.
https://www.federalreserve.gov/Releases/z1/current/html/F3_4_s.htm
5. U.S. Bureau of Economic Analysis, Personal Consumption Expenditures, 2025 annual current-dollar PCE: approximately \$20.955 trillion. See BEA NIPA data / FRED series PCECA.
6. Companion internal analysis: Las Vegas / Retail Margin of Safety / Infection Rate memorandum, September 15, 2026. The companion memorandum develops Sustainable Pre-Debt Cash Flow, Economic Resilience Margin, capital-preservation, staffing-floor, NOI-versus-cash-flow, tenant-rollover, and sale-leaseback concepts used here.
7. Municipal Securities Rulemaking Board, “Official Statements.” MSRB explains that official statements typically include interest rates, timing and manner of principal and interest payments, outstanding debt, and the issuer’s future debt burden. <https://www.msrb.org/Official-Statements>
8. Municipal Securities Rulemaking Board, “About CUSIP Numbers.” MSRB describes the CUSIP as the unique nine-character identifier used to locate information about an individual municipal security on EMMA.
<https://www.msrb.org/About-CUSIP-Numbers>
9. U.S. Securities and Exchange Commission, Office of Municipal Securities, Staff Legal Bulletin No. 21 (Feb. 7, 2020). The bulletin discusses federal antifraud principles applicable to material misstatements and omissions in municipal-issuer statements reasonably expected to reach investors and markets. <https://www.sec.gov/rules-regulations/staff-guidance/staff-legal-bulletins/application-antifraud-provisions-staff-legal-bulletin-21>
10. Municipal Securities Rulemaking Board, “About EMMA.” EMMA provides official statements, continuing disclosures, trade information, and security information and allows research by a security’s unique identifier.
<https://www.msrb.org/Transparency-and-Technology/About-EMMA>

MODEL-SPECIFIC DATA NOTES

- The \$5.1 trillion school-district figure is a user-supplied modeled floor derived from the underlying Bond Credibility Chain work; it is not represented as an official federal or national par-debt statistic.
- The approximately \$17 trillion outside estimate discussed with counsel is intentionally excluded from quantitative conclusions pending independent reconciliation.
- The 4%–6% interest and 30-year amortization examples are sensitivity tests only and are not descriptions of the actual school-district portfolio.
- The 15% three-year transition rate and approximately 11% stabilized rate are working assumptions from the Texas reform model described by the project; they are not current statutory tax rates or official government forecasts.

- The observation that the working group has not located a taxpayer-facing, CUSIP-linked year-by-year amortization schedule is limited to the materials reviewed by the project and is not stated as a universal fact about every municipal security.
- Nothing in this memorandum treats an unknown amount as zero or assumes criminal intent from incomplete data. Those are evidentiary questions to be resolved from source records.