

# **Just the Facts:** **Property Taxes in Texas's Most Populous Cities, Counties, and School Districts**



**October 2020**

**By James Quintero and Eduardo Flores**



**Texas Public Policy  
Foundation**

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# Just the Facts: Property Taxes in Texas’s Most Populous Cities, Counties, and School Districts

by James Quintero and Eduardo Flores

## Introduction

There are some daunting aspects to Texas’s property tax. First, it is formidable. In comparison to all other state and local taxes, the property tax is “the largest tax assessed in Texas” ([Texas Comptroller of Public Accounts, 2018, p. 1](#)). Property taxes levied statewide yielded revenue totaling \$56 billion in fiscal year 2016 and \$59 billion in fiscal year 2017. Those amounts accounted for half of all state and local tax revenues generated in each respective year. The next largest tax—the state sales tax—brought in only \$28.2 billion in fiscal year 2016 and \$28.9 billion in fiscal year 2017.

Second, it is pervasive. In fiscal year 2017, the number of taxing units that imposed a property tax in Texas totaled 4,226. In the prior year, there were approximately 4,193 taxing units ([Texas Comptroller of Public Accounts, 2018, p. 6](#)). Special purpose districts are the most numerous type of property taxing units (+1,883), followed by cities (+1,071), school districts (+1,018), and counties (+254).

Third, its growth has been relentless. From 1998 through 2017, the average annual increase in the total tax levy was 5.85% ([Texas Comptroller of Public Accounts, 2018, p. 13](#)). In other words, Texas’s local governments received a pay raise of almost 6% every year for the last 20 years. The average annual increase for particular types of taxing units was as follows:

- Cities (+6.05%).
- Counties (+6.26%).
- School districts (+5.35%).
- Special districts (+7.49%).

Fourth, it is rising more quickly than people can afford, especially in large, urban areas. To demonstrate this last point, the ensuing analysis examines property tax levy growth in the top 10 most populous cities, counties, and school districts between 2014 and 2018.<sup>1</sup> It contrasts the rise in these levies with the combined increases in population and inflation, which best represents the community’s ability to pay. The data is largely presented without commentary so that you—the reader—can see *just the facts!*

**Table 1: Property Taxes in Texas by Taxing Unit Type**

Taxing Unit by Type	2016			2017		
	# of Taxing Units	Tax Levy	% of Levy	# of Taxing Units	Tax Levy	% of Levy
ISDs	1,018	\$29,854,848,667	53.2	1,018	\$32,132,603,529	54.1
Cities	1,071	\$9,165,214,426	16.3	1,071	\$9,730,426,404	16.4
Counties	254	\$9,027,417,995	16.1	254	\$9,531,728,195	16.1
Special Districts	1,850	\$8,031,396,864	14.3	1,883	\$8,010,249,365	13.5
<b>TOTAL</b>	<b>4,193</b>	<b>\$56,078,877,952</b>	<b>100</b>	<b>4,226</b>	<b>\$59,405,007,493</b>	<b>100</b>

Note. From *Biennial Property Tax Report: Tax Years 2016 and 2017*, by Texas Comptroller of Public Accounts, 2018, p. 6 (<https://comptroller.texas.gov/taxes/property-tax/docs/96-1728.pdf>).

<sup>1</sup> At the time of publication, the Texas Comptroller posted a new dataset online. The new tax levy information covers fiscal year 2015 to 2019.

## Key Points

- Property taxes in Texas’s large, urban centers are growing at a far faster rate than people can afford.
- From 2014 to 2018, most city, county, and school district property taxes outstripped population and inflation by a wide margin.
- The delta between school district property tax levies and enrollment growth plus inflation increases was the widest.

## Cities

Municipal property tax levies increased markedly from 2014 to 2018. In each one of the top 10 largest cities, property taxes rose more quickly than population and inflation combined—sometimes by multiple orders of magnitude. In at least one instance—the city of El Paso—property tax levy growth outstripped population plus inflation by a factor of nearly 5-to-1.

Tracking Trends 2014-2018			
	Property Tax	Population & Inflation	Difference
Houston	15.6%	9.5%	6.1%
San Antonio	41.9%	12.7%	29.2%
Dallas	36.3%	11%	25.3%
Austin	41.2%	12.9%	28.3%
Fort Worth	33.4%	15.7%	17.7%
El Paso	31.4%	6.5%	24.9%
Arlington	35.7%	10.1%	25.6%
Corpus Christi	32%	7.8%	24.2%
Plano	39.7%	9.9%	29.8%
Laredo	24.1%	9.3%	14.8%

*Note:* From 2014 to 2018, population growth varied by city. However, inflation increased 6.1% across all cities.

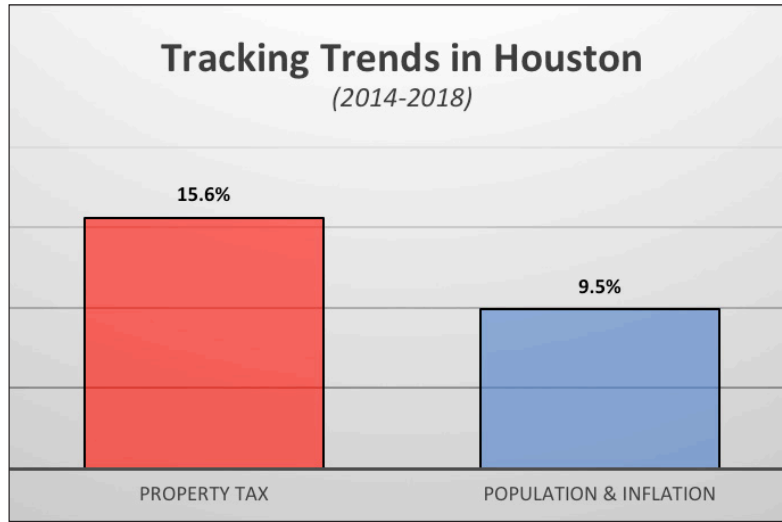
**City of Houston**

From 2014 to 2018, the city of Houston's property tax levy rose from \$1.2 billion to \$1.4 billion, representing an increase of 15.6% ([Texas Comptroller of Public Accounts, n.d.](#)).

From 2014 to 2018, the city's population rose from 2,241,826 to 2,318,573, representing a 3.4% increase ([Census Bureau, 2020a](#)).

From 2014 to 2018, inflation, as represented by the Consumer Price Index (U.S. city average, All items), increased from 236.736 to 251.107, representing a 6.1% increase ([Bureau of Labor Statistics, 2020](#)).

**From 2014 to 2018, Houston's property tax grew by 15.6% while its population and inflation increased by only 9.5%.**



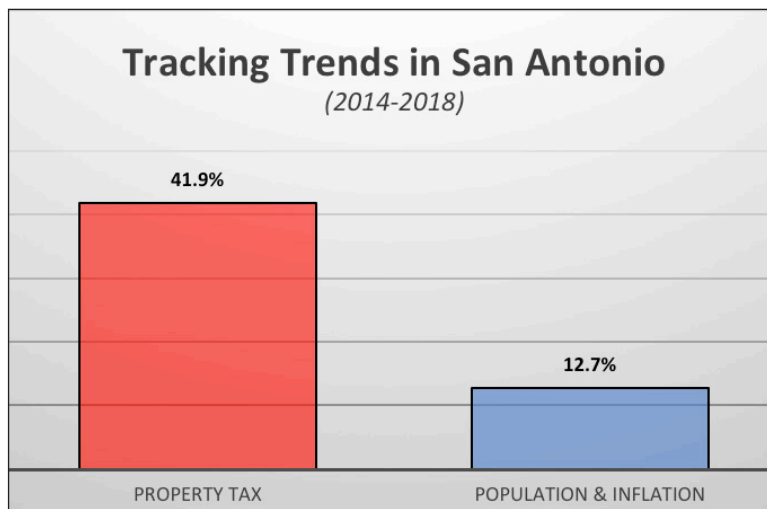
**City of San Antonio**

From 2014 to 2018, the city of San Antonio's property tax levy rose from \$451.2 million to \$640.1 million, representing an increase of 41.9%.

From 2014 to 2018, the city's population rose from 1,435,456 to 1,530,016, an increase of 6.6%.

From 2014 to 2018, the Consumer Price Index (U.S. city average, All items) increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, San Antonio's property tax grew by 41.9% while its population and inflation rose just 12.7%.**



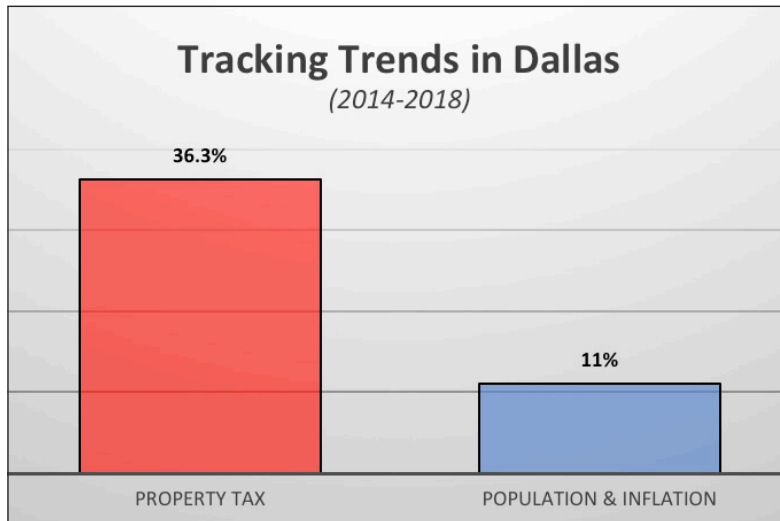
**City of Dallas**

From 2014 to 2018, the city of Dallas's property tax levy increased from \$743.1 million to slightly more than \$1 billion, representing an increase of 36.3%.

From 2014 to 2018, the city's population rose from 1,279,098 to 1,341,802, an increase of 4.9%.

From 2014 to 2018, the Consumer Price Index (U.S. city average, All items) increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Dallas's property tax grew by 36.3% while its population and inflation rose just 11%.**



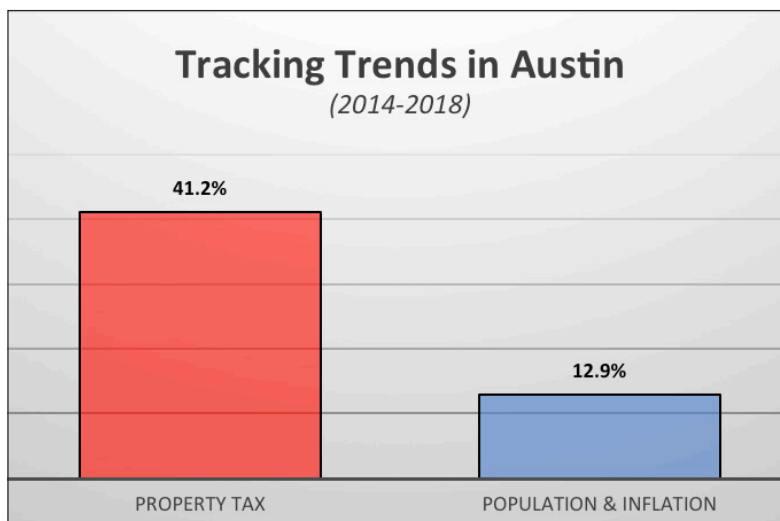
**City of Austin**

From 2014 to 2018, the city of Austin's property tax levy increased from \$477.8 million to \$674.6 million, representing an increase of 41.2%.

From 2014 to 2018, the city's population rose from 901,170 to 962,469, an increase of 6.8%.

From 2014 to 2018, the Consumer Price Index (U.S. city average, All items) increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Austin's property tax grew by 41.2% while its population and inflation rose just 12.9%.**



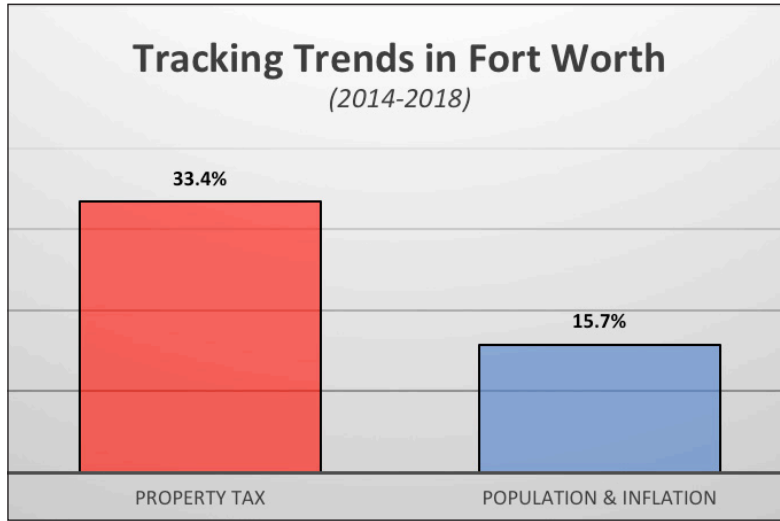
### City of Fort Worth

From 2014 to 2018, the city of Fort Worth's property tax levy increased from \$405.6 million to \$541.2 million, representing an increase of 33.4%.

From 2014 to 2018, the city's population rose from 815,057 to 893,216, an increase of 9.6%.

From 2014 to 2018, the Consumer Price Index (U.S. city average, All items) increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Fort Worth's property tax grew by 33.4% while its population and inflation rose just 15.7%.**



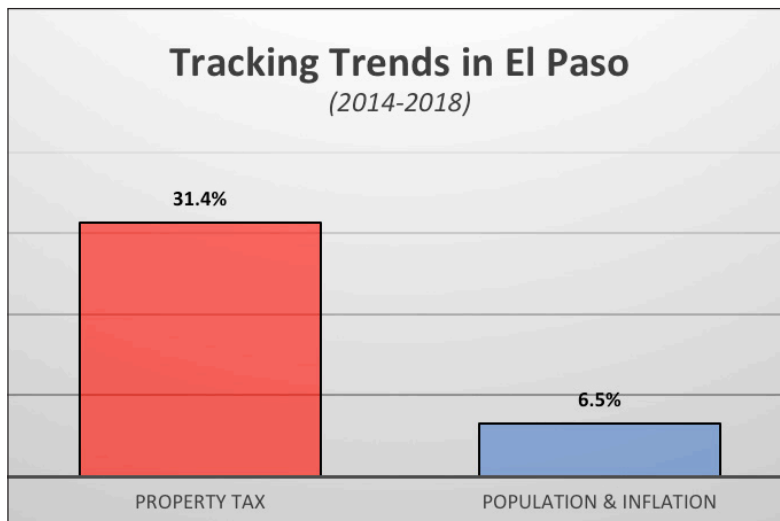
### City of El Paso

From 2014 to 2018, the city of El Paso's property tax levy increased from \$229.1 million to \$301.1 million, representing an increase of 31.4%.

From 2014 to 2018, the city's population rose from 677,235 to 679,875, an increase of 0.4%.

From 2014 to 2018, the Consumer Price Index (U.S. city average, All items) increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, El Paso's property tax grew by 31.4% while its population and inflation rose just 6.5%.**



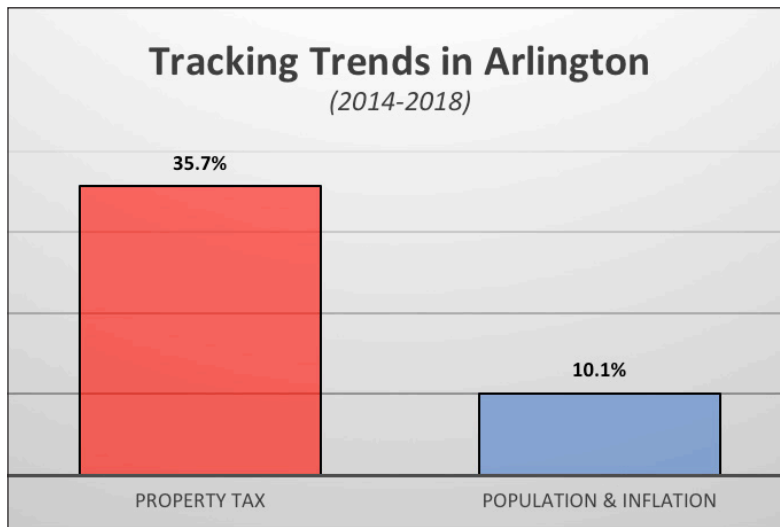
**City of Arlington**

From 2014 to 2018, the city of Arlington's property tax levy increased from \$122.6 million to \$166.4 million, representing an increase of 35.7%.

From 2014 to 2018, the city's population rose from 382,721 to 398,123, an increase of 4%.

From 2014 to 2018, the Consumer Price Index (U.S. city average, All items) increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Arlington's property tax grew by 35.7% while its population and inflation rose just 10.1%.**



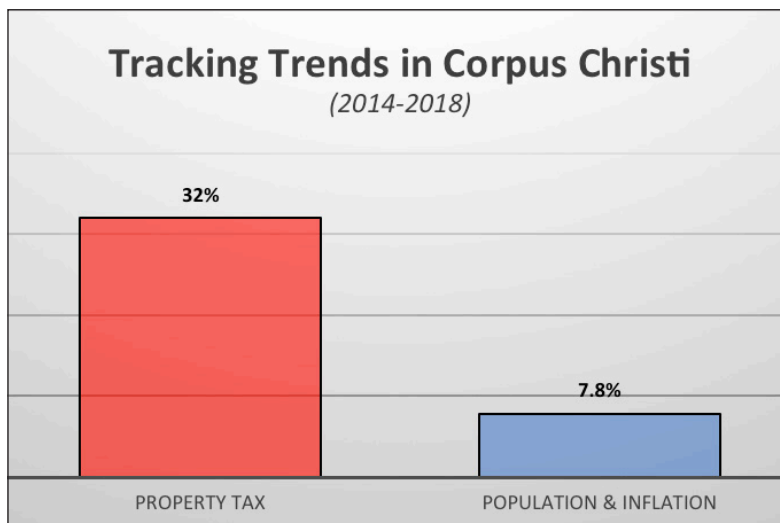
**City of Corpus Christi**

From 2014 to 2018, the city of Corpus Christi's property tax levy increased from \$99.8 million to \$131.7 million, representing an increase of 32%.

From 2014 to 2018, the city's population rose from 320,765 to 326,307, an increase of 1.7%.

From 2014 to 2018, the Consumer Price Index (U.S. city average, All items) increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Corpus Christi's property tax grew by 32% while its population and inflation rose just 7.8%.**





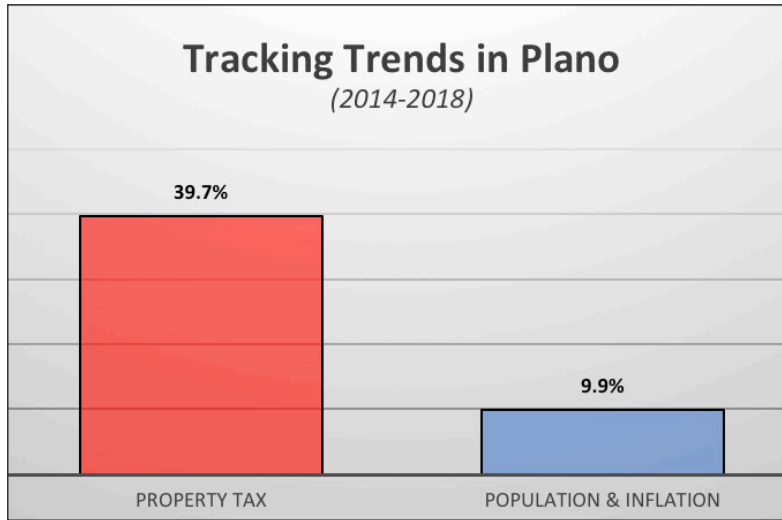
### City of Plano

From 2014 to 2018, the city of Plano's property tax levy increased from \$141.4 million to \$197.5 million, representing an increase of 39.7%.

From 2014 to 2018, the city's population rose from 278,226 to 288,747, an increase of 3.8%.

From 2014 to 2018, the Consumer Price Index (U.S. city average, All items) increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Plano's property tax grew by 39.7% while its population and inflation rose just 9.9%.**



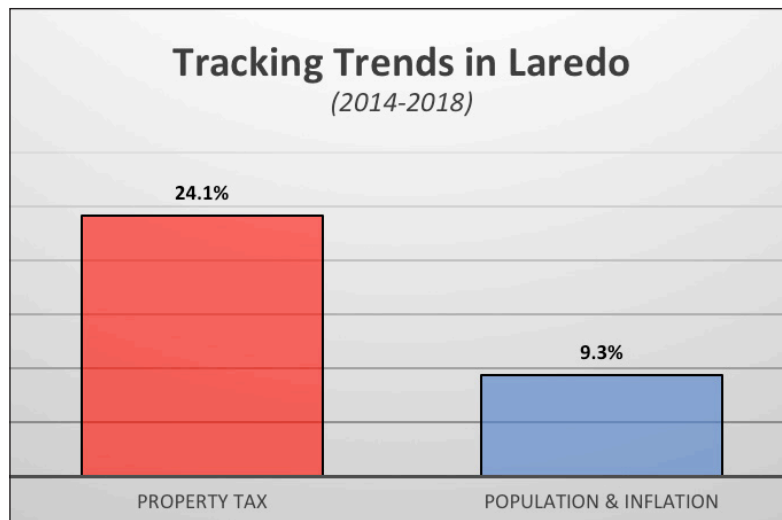
### City of Laredo

From 2014 to 2018, the city of Laredo's property tax levy increased \$72.5 million to \$90 million, representing an increase of 24.1%.

From 2014 to 2018, the city's population rose from 252,734 to 260,856, an increase of 3.2%.

From 2014 to 2018, the Consumer Price Index (U.S. city average, All items) increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Laredo's property tax grew by 24.1% while its population and inflation rose just 9.3%.**



## Counties

County government property taxes increased in a more modest fashion compared to cities; however, the growth was still apparent in most cases. One notable exception was Collin County. This particular county located in north Texas rather impressively limited property tax levy growth to almost the rate of population and inflation increases for the period. No other city, county, or school district did the same.

Tracking Trends: 2014-2018			
	Property Tax	Population & Inflation	Difference
Harris	29.1%	11.1%	18%
Dallas	40%	10.5%	29.5%
Tarrant	23.4%	13.1%	10.3%
Bexar	37.5%	12.7%	24.8%
Travis	22%	14.3%	7.7%
Collin	22.5%	19.6%	2.9%
Hidalgo	20.2%	10%	10.2%
El Paso	12.1%	6.5%	5.6%
Denton	28.3%	20.1%	8.2%
Fort Bend	28.2%	21.3%	6.9%

*Note:* From 2014 to 2018, population growth varied by county. However, inflation increased 6.1% across all counties.

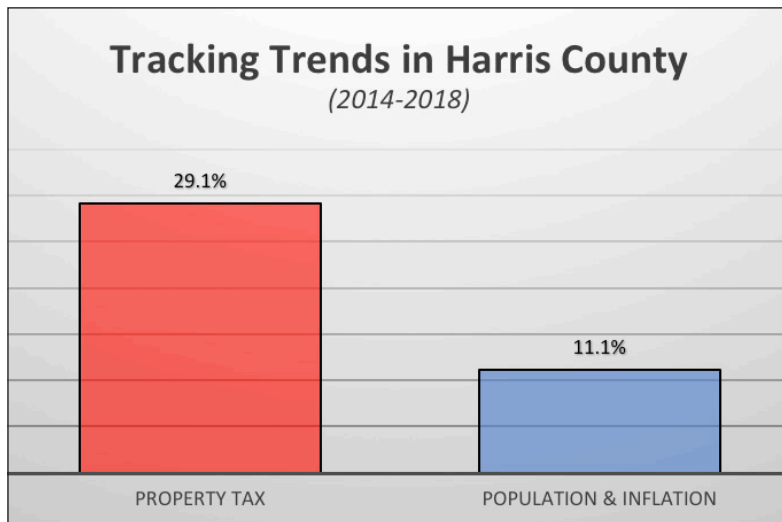
**Harris County**

From 2014 to 2018, Harris County’s property tax levy rose from \$1.5 billion to \$1.9 billion, an increase of 29.1% ([Texas Comptroller of Public Accounts, n.d.](#)).

From 2014 to 2018, the county’s population rose from 4,455,994 to 4,680,045, representing a 5% increase ([Census Bureau, 2020b](#)).

From 2014 to 2018, inflation, as represented by the Consumer Price Index (U.S. city average, All items), increased from 236.736 to 251.107, representing a 6.1% increase ([Bureau of Labor Statistics, 2020](#)).

**From 2014 to 2018, Harris County’s property tax grew by 29.1% while its population and inflation increased by only 11.1%.**



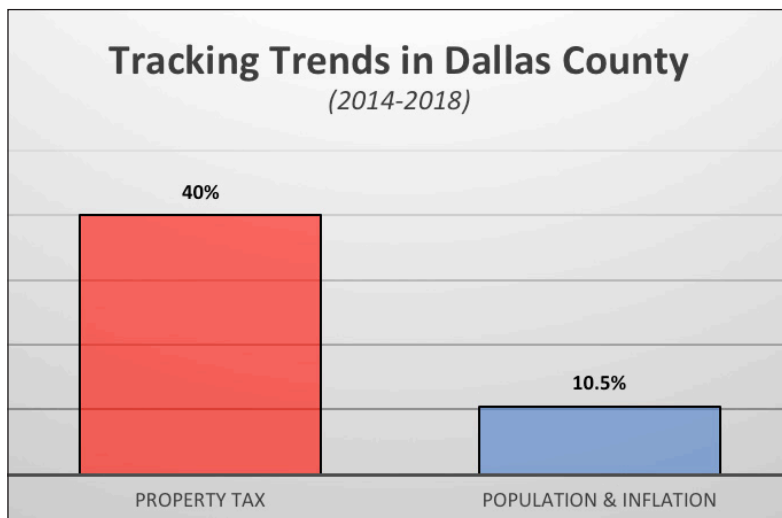
**Dallas County**

From 2014 to 2018, Dallas County’s property tax levy rose from \$426.7 million to \$597.3 million, an increase of 40%.

From 2014 to 2018, the county’s population rose from 2,519,410 to 2,629,350, representing a 4.4% increase.

From 2014 to 2018, inflation, as represented by the Consumer Price Index (U.S. city average, All items), increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Dallas County’s property tax grew by 40% while its population and inflation increased by only 10.5%.**



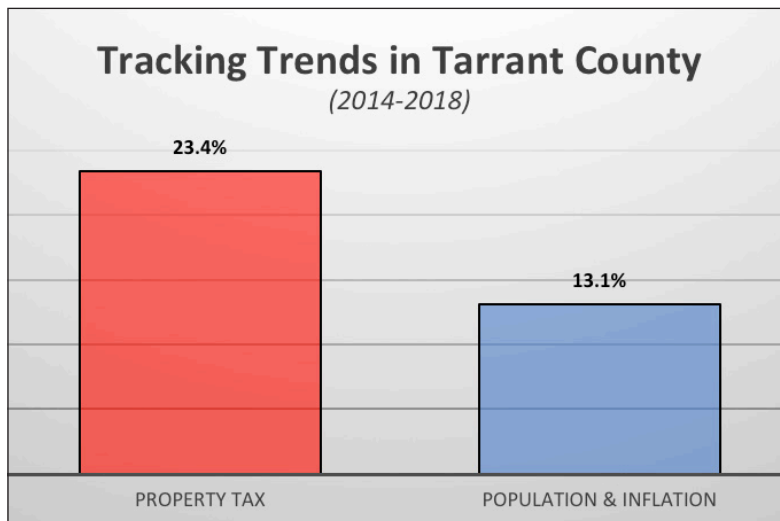
**Tarrant County**

From 2014 to 2018, Tarrant County’s property tax levy rose from \$360 million to \$444.1 million, an increase of 23.4%.

From 2014 to 2018, the county’s population rose from 1,946,122 to 2,081,446, representing a 7% increase.

From 2014 to 2018, inflation, as represented by the Consumer Price Index (U.S. city average, All items), increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Tarrant County’s property tax grew by 23.4% while its population and inflation increased by only 13.1%.**



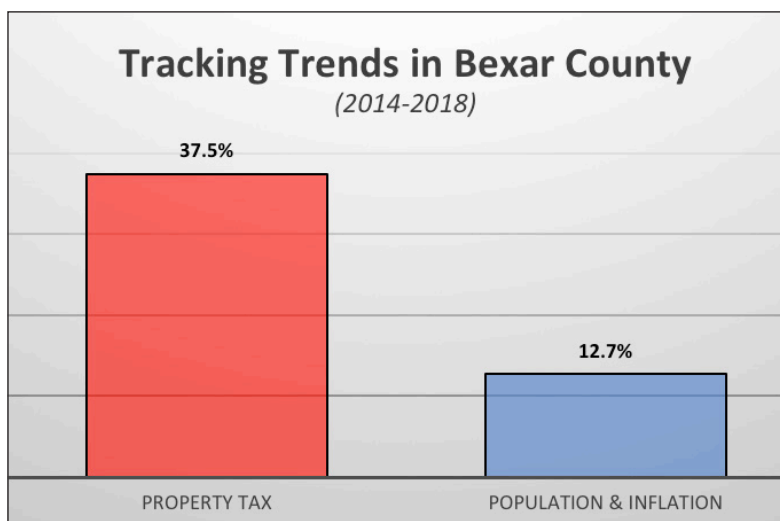
**Bexar County**

From 2014 to 2018, Bexar County’s property tax levy rose from \$353.2 million to \$485.7 million, an increase of 37.5%.

From 2014 to 2018, the county’s population rose from 1,858,003 to 1,981,187, representing a 6.6% increase.

From 2014 to 2018, inflation, as represented by the Consumer Price Index (U.S. city average, All items), increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Bexar County’s property tax grew by 37.5% while its population and inflation increased by only 12.7%.**



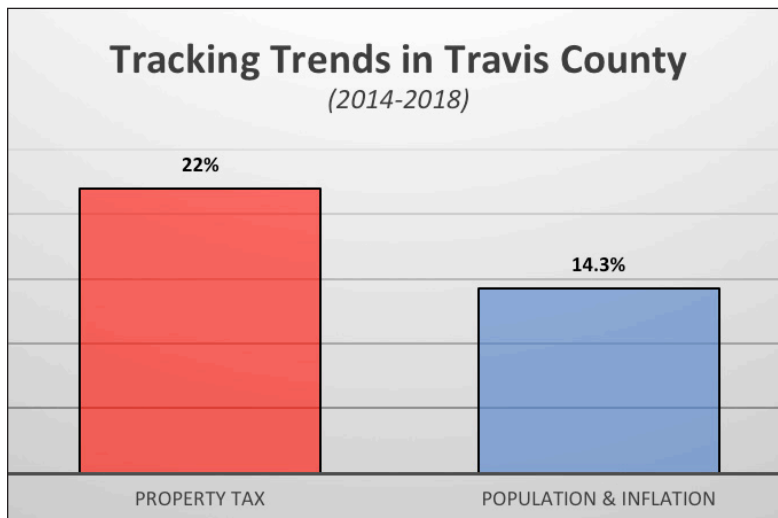
**Travis County**

From 2014 to 2018, Travis County's property tax levy rose from \$550.3 million to \$671.4 million, an increase of 22%.

From 2014 to 2018, the county's population rose from 1,152,260 to 1,246,572, representing an 8.2% increase.

From 2014 to 2018, inflation, as represented by the Consumer Price Index (U.S. city average, All items), increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Travis County's property tax grew by 22% while its population and inflation increased by only 14.3%.**



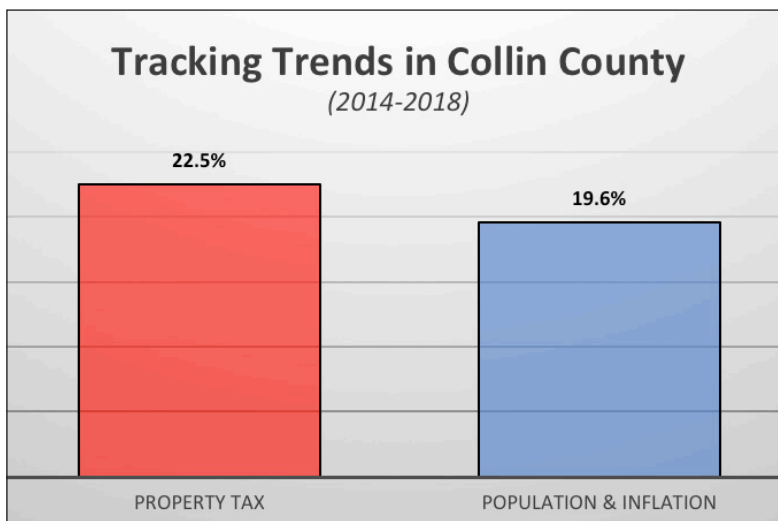
**Collin County**

From 2014 to 2018, Collin County's property tax levy rose from \$204.1 million to \$250.1 million, an increase of 22.5%.

From 2014 to 2018, the county's population rose from 884,688 to 1,004,307, representing a 13.5% increase.

From 2014 to 2018, inflation, as represented by the Consumer Price Index (U.S. city average, All items), increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Collin County's property tax grew by 22.5% while its population and inflation increased by only 19.6%.**



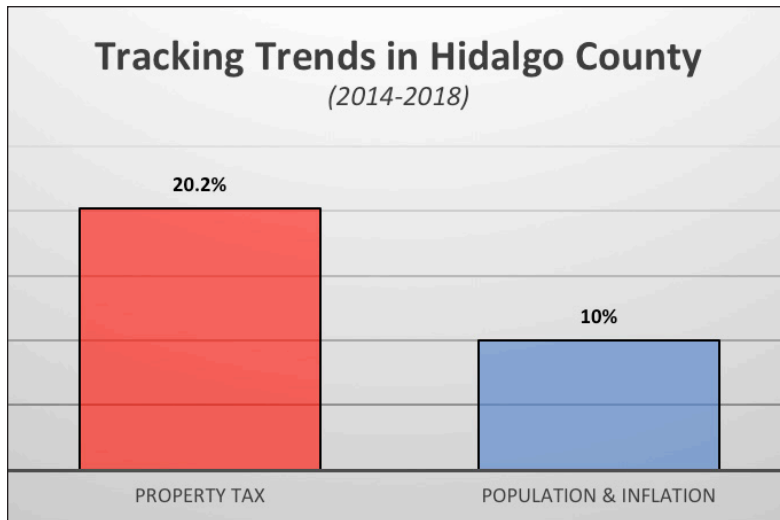
**Hidalgo County**

From 2014 to 2018, Hidalgo County’s property tax levy rose from \$172 million to \$206.6 million, an increase of 20.2%.

From 2014 to 2018, the county’s population rose from 829,819 to 862,298, representing a 3.9% increase.

From 2014 to 2018, inflation, as represented by the Consumer Price Index (U.S. city average, All items), increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Hidalgo County’s property tax grew by 20.2% while its population and inflation increased by only 10%.**



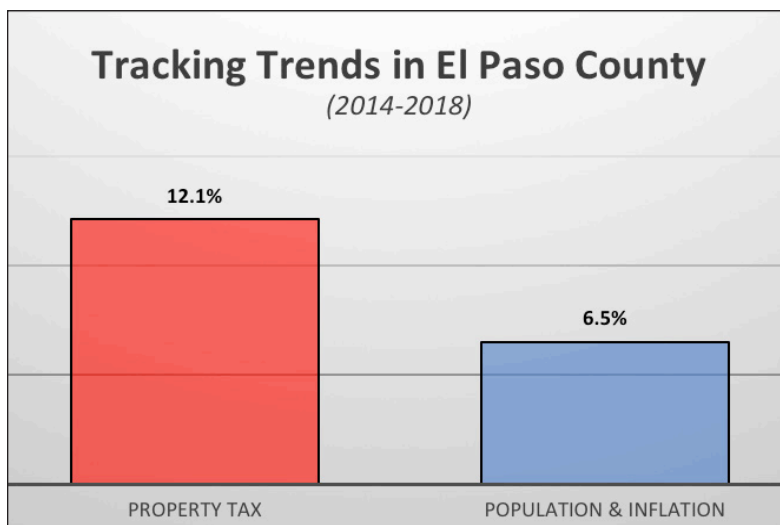
**El Paso County**

From 2014 to 2018, El Paso County’s property tax levy rose from \$169.2 million to \$189.7 million, an increase of 12.1%.

From 2014 to 2018, the county’s population rose from 833,783 to 836,825, representing a 0.4% increase.

From 2014 to 2018, inflation, as represented by the Consumer Price Index (U.S. city average, All items), increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, El Paso County’s property tax grew by 12.1% while its population and inflation increased by only 6.5%.**



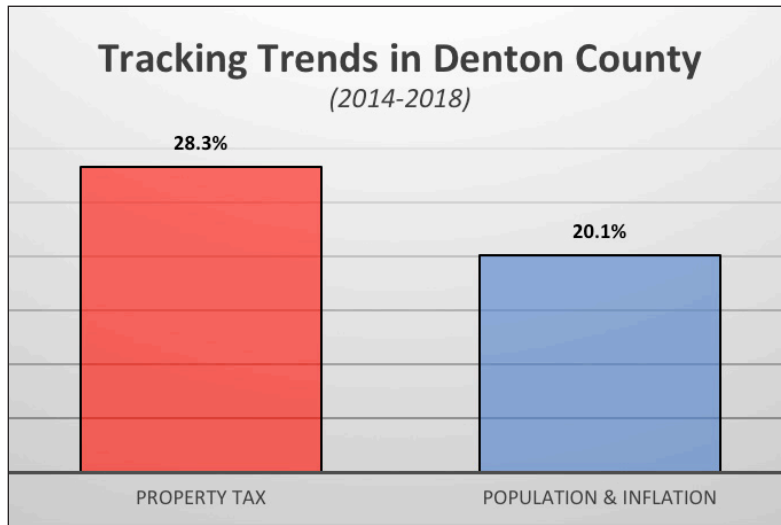
### Denton County

From 2014 to 2018, Denton County's property tax levy rose from \$173.1 million to \$222 million, an increase of 28.3%.

From 2014 to 2018, the county's population rose from 753,188 to 858,741, representing a 14% increase.

From 2014 to 2018, inflation, as represented by the Consumer Price Index (U.S. city average, All items), increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Denton County's property tax grew by 28.3% while its population and inflation increased by only 20.1%.**



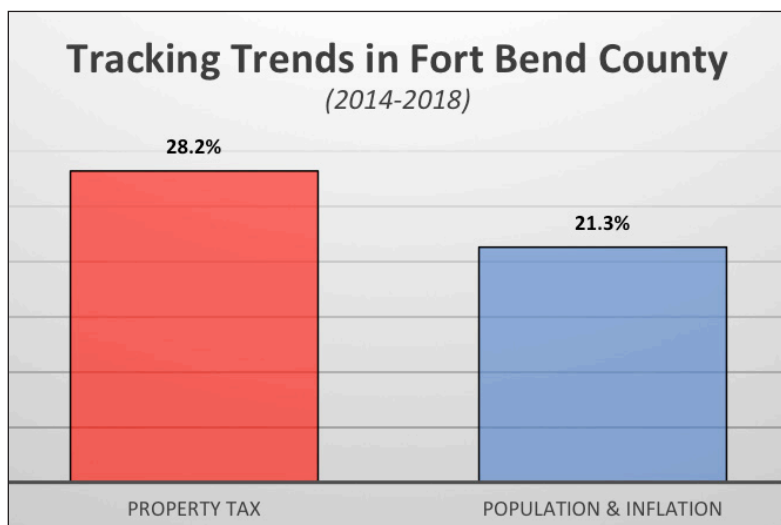
### Fort Bend County

From 2014 to 2018, Fort Bend County's property tax levy rose from \$232.7 million to \$298.4 million, an increase of 28.2%.

From 2014 to 2018, the county's population rose from 684,048 to 788,081, representing a 15.2% increase.

From 2014 to 2018, inflation, as represented by the Consumer Price Index (U.S. city average, All items), increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Fort Bend County's property tax grew by 28.2% while its population and inflation increased by only 21.3%.**



## School Districts

School district property taxes rose sharply from 2014 to 2018. In almost every instance, school district property tax levies soared past enrollment growth and inflation increases. In certain cases, the rate of levy growth was practically unexplainable given the decline in student enrollment.

The trends in school district property tax levies are especially important to note given the magnitude of taxes levied. School districts are responsible for more than half of the total property tax burden in Texas ([Texas Comptroller of Public Accounts, 2018, p. 6](#)).

Tracking Trends: 2014-2018			
	Property Tax	Enrollment & Inflation	Difference
Houston ISD	26.4%	3.6%	22.8%
Dallas ISD	52.9%	2.9%	50%
Cypress-Fairbanks ISD	26.9%	9.2%	17.7%
Northside ISD	42.9%	8.9%	34%
Fort Worth ISD	32.1%	4.4%	27.7%
Austin ISD	56.3%	0.7%	55.6%
Katy ISD	36.7%	19.7%	17%
Fort Bend ISD	34.9%	11.6%	23.3%
Aldine ISD	28.6%	2%	26.6%
North East ISD	22.6%	2%	20.6%

*Note:* From 2014 to 2018, enrollment growth varied by school district. However, inflation increased 6.1% across all ISDs.



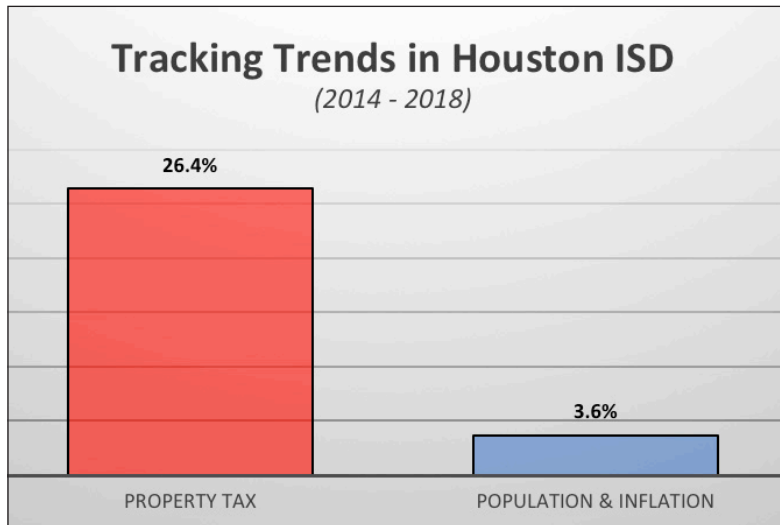
**Houston ISD**

From 2014 to 2018, Houston ISD's property tax levy rose from \$1.6 billion to \$2.1 billion, an increase of 26.4% ([Texas Comptroller of Public Accounts, n.d.](#)).

From 2014-15 to 2018-19, the district's student enrollment shrank from 215,225 to 209,772, representing a 2.5% decrease ([Texas Education Agency, 2020](#)).

From 2014 to 2018, inflation, as represented by the Consumer Price Index, increased from 236.736 to 251.107, representing a 6.1% increase ([Bureau of Labor Statistics, 2020](#)).

**From 2014 to 2018, Houston ISD's property tax grew by 26.4% while its enrollment and inflation increased by only 3.6%.**



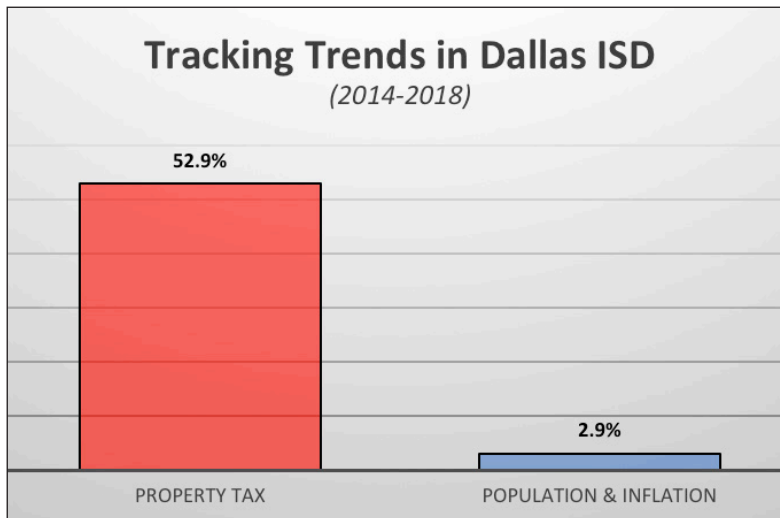
**Dallas ISD**

From 2014 to 2018, Dallas ISD's property tax levy rose from \$1.1 billion to \$1.6 billion, an increase of 52.9%.

From 2014-15 to 2018-19, the district's student enrollment shrank from 160,253 to 155,119, representing a 3.2% decrease.

From 2014 to 2018, inflation, as represented by the Consumer Price Index, increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Dallas ISD's property tax grew by 52.9% while its enrollment and inflation increased by only 2.9%.**



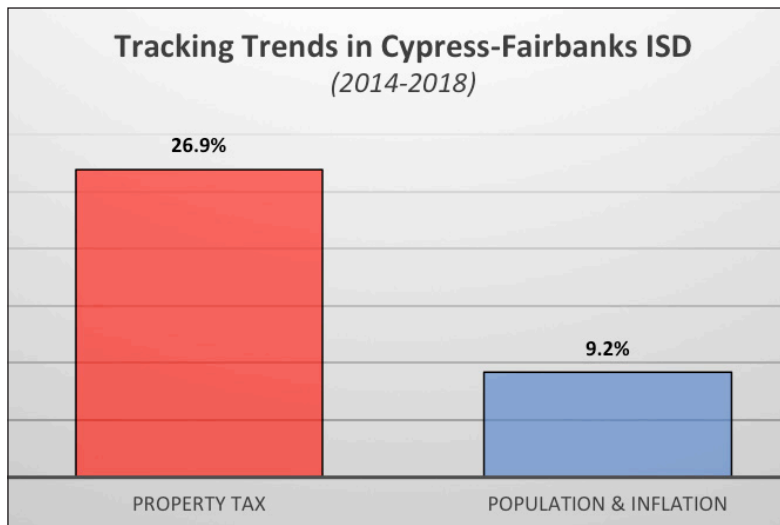
### Cypress-Fairbanks ISD

From 2014 to 2018, Cypress-Fairbanks ISD's property tax levy rose from \$577 million to \$732.1 million, an increase of 26.9%.

From 2014-15 to 2018-19, the district's student enrollment rose from 113,023 to 116,512, representing a 3.1% increase.

From 2014 to 2018, inflation, as represented by the Consumer Price Index, increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Cypress-Fairbanks ISD's property tax grew by 26.9% while its enrollment and inflation increased by only 9.2%.**



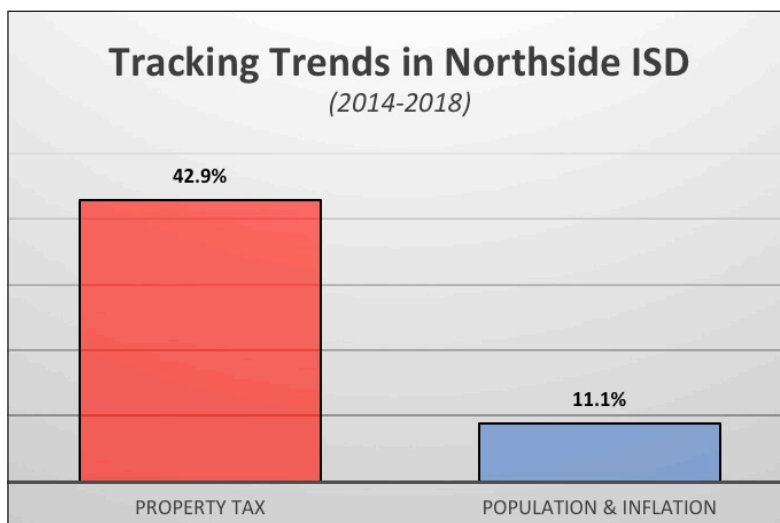
### Northside ISD

From 2014 to 2018, Northside ISD's property tax levy rose from \$526.5 million to \$752.2 million, an increase of 42.9%.

From 2014 to 2018, the district's average daily membership<sup>2</sup> rose from 99,380 to 104,380, representing a 5% increase (Northside Independent School District, 162).

From 2014 to 2018, inflation, as represented by the Consumer Price Index, increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Northside ISD's property tax grew by 42.9% while its student population and inflation increased only 11.1%.**



<sup>2</sup> Average Daily Membership is defined as: "the average daily enrollment of students, district-wide, over the official number of instructional days."

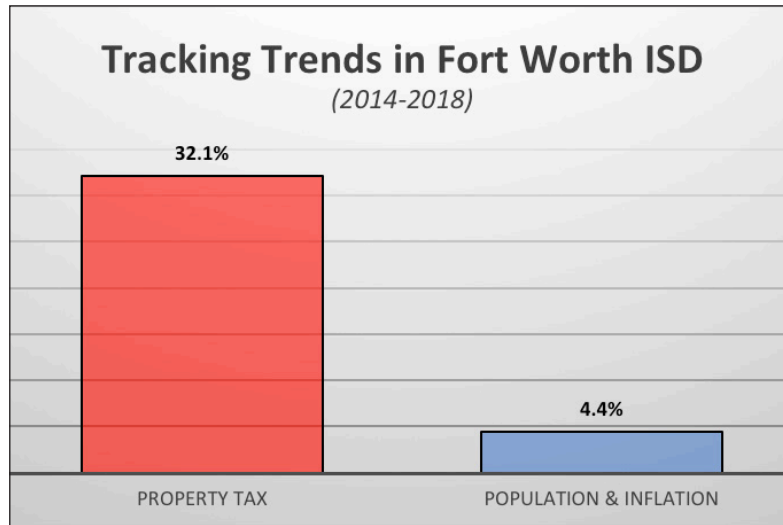
**Fort Worth ISD**

From 2014 to 2018, Fort Worth ISD's property tax levy rose from \$376.8 million to \$497.9 million, an increase of 32.1%.

From 2014-15 to 2018-19, the district's student enrollment shrank from 85,975 to 84,510, representing a 1.7% decrease.

From 2014 to 2018, inflation, as represented by the Consumer Price Index, increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Fort Worth ISD's property tax grew by 32.1% while its enrollment and inflation increased by only 4.4%.**



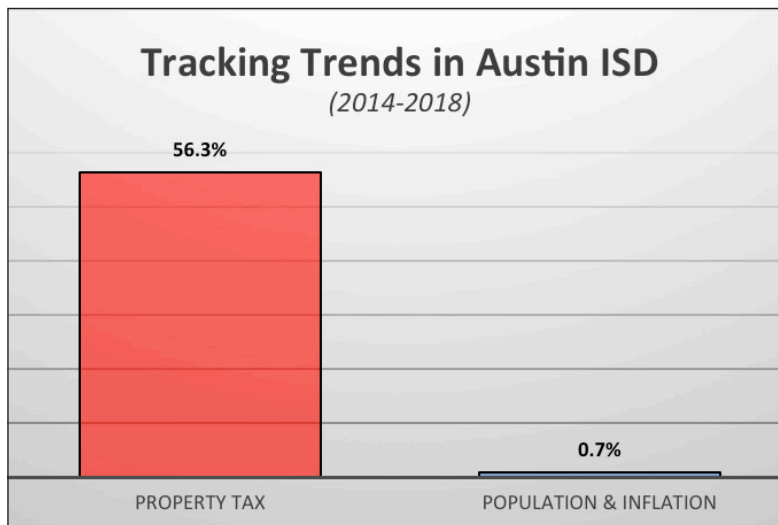
**Austin ISD**

From 2014 to 2018, Austin ISD's property tax levy rose from \$926.5 million to \$1.4 billion, an increase of 56.3%.

From 2014-15 to 2018-19, the district's student enrollment shrank from 84,564 to 80,032, representing a 5.4% decrease.

From 2014 to 2018, inflation, as represented by the Consumer Price Index, increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Austin ISD's property tax grew by 56.3% while its enrollment and inflation increased by only 0.7%.**



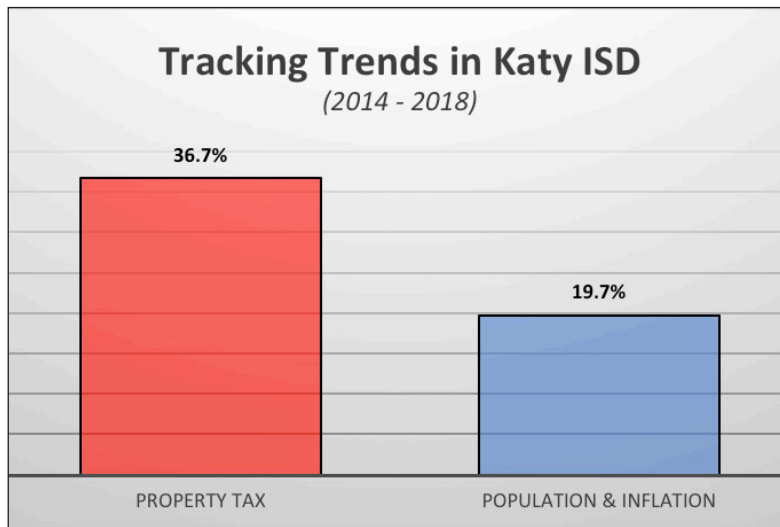
**Katy ISD**

From 2014 to 2018, Katy ISD's property tax levy rose from \$432.2 million to \$590.6 million, an increase of 36.7%.

From 2014-15 to 2018-19, the district's student enrollment rose from 70,330 to 79,913, representing a 13.6% increase.

From 2014 to 2018, inflation, as represented by the Consumer Price Index, increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Katy ISD's property tax grew by 36.7% while its enrollment and inflation increased by only 19.7%.**



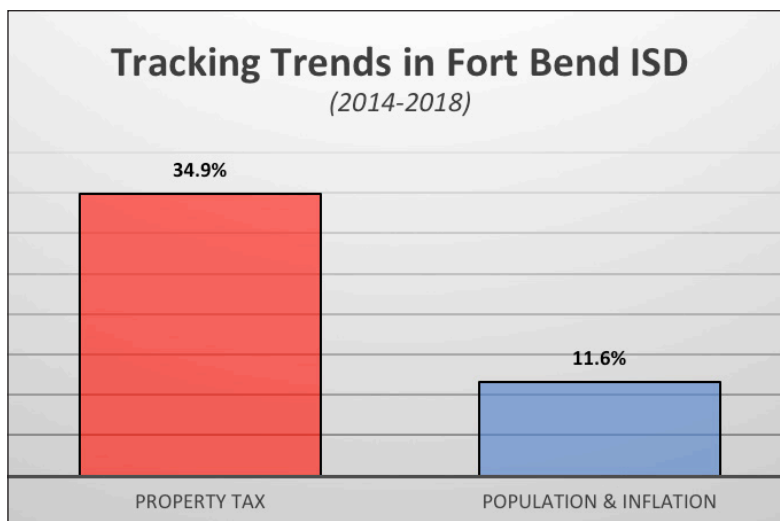
**Fort Bend ISD**

From 2014 to 2018, Fort Bend ISD's property tax levy rose from \$379.8 million to \$512.3 million, an increase of 34.9%.

From 2014-15 to 2018-19, the district's student enrollment rose from 72,152 to 76,122, representing a 5.5% increase.

From 2014 to 2018, inflation, as represented by the Consumer Price Index, increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Fort Bend ISD's property tax grew by 34.9% while its enrollment and inflation increased only 11.6%.**



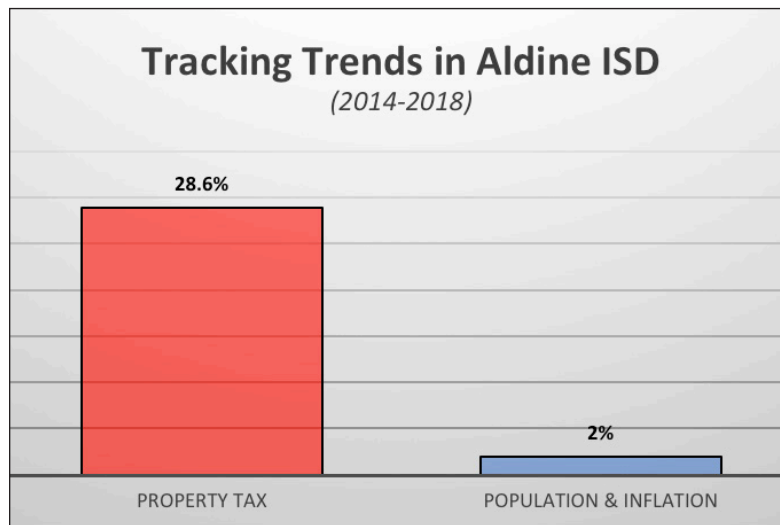
### ***Aldine ISD***

From 2014 to 2018, Aldine ISD's property tax levy rose from \$220.9 million to \$284.1 million, an increase of 28.6%.

From 2014-15 to 2018-19, the district's student enrollment shrank from 69,716 to 66,854, representing a 4.1% decrease.

From 2014 to 2018, inflation, as represented by the Consumer Price Index, increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, Aldine ISD's property tax grew by 28.6% while its enrollment and inflation increased by only 2%.**



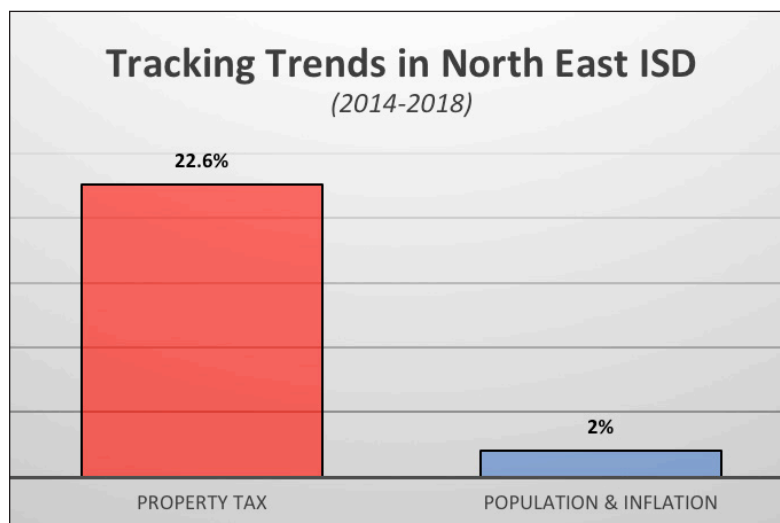
### ***North East ISD***

From 2014 to 2018, North East ISD's property tax levy rose from \$441.5 million to \$541.3 million, an increase of 22.6%.

From 2014-15 to 2018-19, the district's student enrollment shrank from 67,971 to 65,186, representing a 4.1% decrease.

From 2014 to 2018, inflation, as represented by the Consumer Price Index, increased from 236.736 to 251.107, representing a 6.1% increase.

**From 2014 to 2018, North East ISD's property tax grew by 22.6% while its enrollment and inflation increased by only 2%.**



## Recommendations

The evidence is clear: property taxes levied by Texas's largest local governments rose sharply over the last several years. The rapid rate of increase routinely outstripped the gains in traditional economic measures, like population and inflation. The obvious imbalance in tax levy growth versus population and inflation signals unaffordability—a problem made worse when one considers the overlapping nature of local governments.

The next Texas Legislature must change the trajectory of property tax increases. Past trends are not sustainable moving forward given Texas's weakened economy and beleaguered labor market. Big, bold changes are needed now to rebalance the system and reduce tax levies.

To that end, state lawmakers should consider the following. First, punish bad behavior. Cities and counties found to have raised property taxes by more than 3.5% in fiscal year 2021 without voter approval should be penalized in subsequent fiscal years. The act of circumventing voters to breach the new 3.5% threshold violates the legislative intent behind Senate Bill 2<sup>3</sup> and runs contrary to the pleadings of the state's top officials, including the Texas attorney general.<sup>4</sup> Ignoring electors and elected officials invites consequences. In this case, it should center around compelling a like-kind tax revenue decrease in fiscal year 2022 and 2023.

Second, extend and enhance taxpayer protections. Under current law, certain types of local governments—like community colleges, hospital districts, and other smaller localities—retain the ability to raise property tax revenues by as much as 8% without voter approval. These local governments need not be treated differently. Instead, the same standard should be applied equally across all taxing units, especially where voter participation is concerned. Recent events also support a further reduction in the voter-approval tax rate. In the immediate aftermath of the last legislative session, many local governments<sup>5</sup> rushed to raise property taxes by up to 8% before Senate Bill 2's toughest provisions took effect in January 2020. In a similar way, some of those same jurisdictions are weighing another 8% increase for the upcoming fiscal year, justifying their actions by citing a misinterpretation of state law related to disaster declarations.<sup>6</sup> The threat of massive back-to-back tax increases raises the possibility of excessive taxation for some, at least in the near term. This scenario, made worse by employment-ending government shutdowns, calls for a further reduction in the voter-approval tax rate to lessen the impact of future tax bills, unless voters consent otherwise.

Third, tweak the formulas. Senate Bill 2 does not currently require nonvoter-approved debt instruments payable through property taxes to be considered in the calculation of the voter-approval tax rate. This means that a local governing body can go into debt, using certificates of obligation as the financing tool, and cause property taxes to rise, but the action has no bearing on whether an election is called. To improve upon this situation, state lawmakers should require tax-supported certificates of obligation to be taken into account when calculating the 3.5% voter-approval tax rate. Additionally, the Legislature might also consider including new property value in determining the 3.5% voter-approval tax rate. The inclusion of this element would more accurately reflect fiscal changes.

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3 [Senate Bill 2](#), otherwise known as the Texas Property Tax Reform and Transparency Act of 2019, was the 86th Texas Legislature's signature property tax reform. Among other things, the new law requires certain cities, counties, and special purpose districts to adopt a tax rate that generates no more than 3.5% in added property tax revenue from the prior year, unless voters approve otherwise.

4 According to the [Daily Sentinel](#): "But Texas Attorney General Ken Paxton has ruled that 'purely economic' damage caused by the pandemic is not eligible to trigger a disaster exemption in state law."

5 For more information on which local governments raised property taxes immediately after the passage of Senate Bill 2, see the article "[At Least 17 Texas Cities, Counties Increasing Taxes This Year Before New Restriction Goes Into Effect](#)."

6 Many local governments are currently deliberating their FY 2021 budgets and tax rates. Since this process has not yet concluded, it is unclear which governing bodies will ultimately take action to exceed the 3.5% limitation without voter approval. However, the Texas Public Policy Foundation can identify which entities are considering it. Using the Public Information Act, the Foundation submitted records requests to the Tax Assessor-Collector in the 10 most populous counties asking to "Please identify any jurisdictions that have asked the county tax office to calculate the voter-approval tax rate above 3.5% for the next fiscal year." The following entities were identified: City of Anna; City of Farmersville; City of Murphy; City of Princeton; Town of Prosper; City of Balch Springs; City of Cedar Hill; City of Cockrell Hill; City of Farmers Branch; City of Irving; City of Lancaster; City of Richardson; City of Rowlett; Town of Addison; Town of Highland Park; City of Krugerville; City of Pilot Point; City of Roanoke; Town of Bartonville; Town of Little Elm; City of Sugarland; Fort Bend ESD 4; Harris County; Harris County Flood Control; City of Jacinto City; City of Pasadena; City of South Houston; City of Tomball; City of West University; Emergency Services Districts 14; Emergency Services Districts 11; Emergency Services Districts 50; Emergency Services Districts 12; Emergency Services Districts 2; The City of Dalworthington Garden; City of Pflugerville; and Travis County.

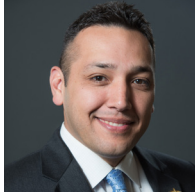
Fourth, prevent profligate spending. Placing reasonable limits on local government spending is one surefire way to reduce tax levies. Lawmakers can accomplish this feat by amending the Texas Constitution's existing Tax and Expenditure Limit (TEL) to also include city and county expenditures. If this good government concept results in more fiscally responsible state governance, then the same should hold true locally. To bolster its effect, the Legislature could also base any limitation on population and inflation instead of the growth in personal income.

These recommendations will help ease the rapid rise of property taxes in Texas's largest communities and strengthen the personal finances of millions of taxpayers throughout the Lone Star State. ☆

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Quintero and his wife Tricia have five children, a Great Dane, and an exceptionally large grocery bill.

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The Texas Public Policy Foundation is a 501(c)3 non-profit, non-partisan research institute. The Foundation promotes and defends liberty, personal responsibility, and free enterprise in Texas and the nation by educating and affecting policymakers and the Texas public policy debate with academically sound research and outreach.

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