

TELLING RENTERS THE TRUTH ABOUT PROPERTY TAXES

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KEY POINTS

- Many renters are uninformed about their property tax burden.
- Some estimates suggest that as much as 20% of an individual's rent is due to local property taxes.
- Renters' knowledge gap may prompt them to vote against their interest by unknowingly raising their rent amount.
- More transparency, not less, is needed to support an informed electorate and good governance.

"Knowledge will forever govern ignorance: And a people who mean to be their own Governors, must arm themselves with the power which knowledge gives" – James Madison

INTRODUCTION

The republican form of government and a healthy free market require a well-informed public. Yet in Texas, renters very often lack access to critical information about property taxes, which has the potential to negatively affect election participation and outcomes.

Under current law, landlords are not required to disclose the exact amount of property taxes paid by their tenants. Instead, the tenant's tax burden is often incorporated into the total rent amount. This can lead tenants to mistakenly attribute any increase in rent to factors within the landlord's purview and unrelated to public policy or governance. However, changes in rent prices often result from changes in tax policy—especially property taxes—which are directly influenced by local policy matters, such as tax and bond elections and candidate elections.

In the absence of accurate and timely tax information, renters can participate in local elections without full knowledge of the likely fiscal consequences. After all, renters do not own their property, nor are they informed of their existing tax burden, so they may mistakenly assume that they are not affected by property taxes at all. Such a false perspective might induce a friendlier view of candidates and of policies that propose to increase the cost of government or involve redistributionist schemes.

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Renters' current position is a classic case of asymmetric public policy, in which tenants are disadvantaged informationally and expected to participate politically, whilst well-informed authorities propose potentially costly items with long-term effects.

PROFILING THE PROPERTY TAX IN TEXAS

Texas's effective property tax rate consistently ranks among the highest in the country, with some recent estimates for owner-occupied housing ranging between 1.245% ([Jones, 2026](#)) and 1.40% ([Fritts, 2026](#)). For commercial properties in large Texas cities, the effective rate is estimated to range from 1.808% to 2.544% ([DeBoer & Langley, 2025, p. 81](#)). For certain apartment properties situated in large Texas cities, the effective rate is observed to be between 1.954% and 2.539% ([DeBoer & Langley, 2025, p. 101](#)).

Furthermore, according to the Texas Comptroller, property taxes are "the largest tax assessed in Texas," with taxing units collecting \$81.4 billion in 2023—representing 46% of total tax revenue ([Texas Comptroller of Public Accounts, 2024, p. 5](#)). By comparison, the next largest tax revenue source, the state sales tax, generated only \$46.6 billion in 2023, or 26.3% of all tax revenue ([p. 5](#)).

TEXAS RENTERS

The cost of rent has become more favorable to renters due to an increasing supply of apartment units ([Oney, 2025](#)). Since 2023, the average asking price for rent has declined, and landlords have been offering more concessions ([Oney, 2025](#)).

However, the benefits that renters may experience from an increased supply are partially offset by rising property taxes. Consider that approximately 20% of every dollar of rent goes toward property taxes ([Texas Apartment Association, 2024](#)). This means that, in theory, the average individual's rent

could be 20% cheaper had it not been for local property taxes. To put this statistic into perspective, a monthly rent payment of \$1,253—which is \$150 less than median gross rent in Texas between 2020 and 2024—consists of approximately \$251 in property tax payments, meaning that the cost of government exceeds \$3,000 per year for the median renter ([U.S. Census Bureau, n.d.](#)).¹

High property taxes contributed to nearly half of Texas renters being cost-burdened in 2024 ([U.S. Census Bureau, 2024](#)), a term used to define people who spend a minimum of 30% of their income on housing. By comparison, only 24% of owner-occupied households were cost-burdened the same year ([U.S. Census Bureau, 2024](#)). The high rates of cost-burdened renters have real and measurable repercussions. Take for instance that 75% of single renters with children and 65% of people 65 and older were cost-burdened in Dallas in 2023 ([Child Poverty Action Lab, 2026](#)). Only two years later, an average of 77 evictions were filed per day in Dallas, totaling 27,995 evictions in a single year ([City of Dallas, 2026, p. 46](#)).

BOND, STATE, AND OTHER LOCAL ELECTIONS

In Texas, local governments issue bonds when they require funding for a project that is not already included in the budget ([Bonura & Ebert, 2025](#)). To repay the bonds, a portion of property taxes are collected in a specific fund known as "Interest & Sinking" (I&S). Local governments use I&S to pay for both the principal and interest of bond debt, illustrating a direct correlation between bond debt levels and property tax rates.

In FY 2025, 527 bonds were proposed, and 430 bonds were carried, an 82% passing rate. These 430 bonds contributed \$63.71 billion of additional debt. If all 527 bonds passed—which is not an unrealistic probability given the low turnout rates for bond elections—then the additional debt would have increased by

¹ Author subtracted \$150 because Median Gross Rent includes rent, utilities, and fuels in its measurement.

\$75.47 billion ([Texas Bond Review Board, 2026, p. 41](#)). As of 2025, Texas local governments have racked up an impressive \$368.30 billion in principal outstanding debt from issuing bonds, a 10.5% increase from 2024 and a 39% increase since 2020 ([Texas Bond Review Board, 2026, p. iii](#)).

An analysis by Texas 2036 ([2025](#)) found that renters comprised 26% of likely voters in Constitutional Amendment Elections, which is a low turnout election that takes place in odd-numbered, off-cycle years. Bond elections are also low turnout, which means that a small number of people are making decisions that impact affordability for the entire community. This underscores the importance that the electorate be fully informed about the impact of bond and property tax proposals.

State and Other Local Elections

Texas residents have the power to elect their local officials, and these local officials decide and approve property tax rates based on budget requirements within their jurisdiction. If a local body seeks to exceed voter-approved tax rates, state law requires an election to approve or reject the increased tax rates ([Texas.gov, n.d.](#)). This process gives voters the ability not only to select their local officials but also to provide checks and balances.

While property tax amounts are set and collected at the local level, state officials play a role as well. Playing more of the strategist rather than the tactician, the state sets the course for what local governments can and cannot do. For instance, not only does the state require elections when taxes exceed the voter approval rate, but it also sets the rate ([Texas.gov, n.d.](#)), which is typically 3.5% ([Texas Tax Code § 26.04, 2023](#)). Additionally, the state lists property tax exemptions (such as exemptions for seniors and veterans), sets legal framework for how tax rates are calculated, and determines how properties are appraised.

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Renters have a say in every one of these elections. It is best to ensure that they are equipped with the knowledge that is needed to make informed decisions both for their own self-interest and for the community at large.

POLICY RECOMMENDATION

Renters may not know it, but they pay a substantial amount in local property taxes. In fact, some estimates suggest that as much as 20% of the average rent payment is on account of property taxes.

This is the type of information that renters ought to know, especially prior to participating in public elections. Without it, renters may have incomplete information with which to make decisions about bonds, taxes, and candidates.

In light of this concern, the 90th Texas Legislature should enact legislation ensuring that renters have timely and accurate information about their property tax circumstances. This detail should be specific to the renter's address, provide a snapshot of the monthly or annual payment, and be provided with regularity.

If structured properly, there are several potential benefits to be gained, including:

- **Increased Tenant Awareness:** Tenants will have a clearer understanding of how their rent payments are impacted by the property taxes levied on their residences. This transparency can empower tenants to better comprehend the cost of housing and the impact of public policy.
- **Accountability for Governments:** The disclosure mechanism will likely foster increased accountability since it would require governments to make their tax burden more widely known, ensuring they are transparent about key cost factors.
- **Informed Decision-Making:** For prospective tenants, this information could be valuable in making informed decisions about rental properties, particularly when comparing units in different complexes or different rent structures. It would also allow for assessments and comparisons as well as incentive rate negotiations if property taxes decrease. ■

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