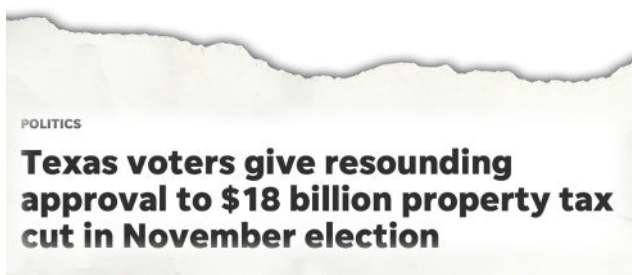


# How Schools, Cities, Counties, and Special Districts Stole \$6.1 Billion from Texans



Source: [Austin American-Statesman](#)

The headline in the November 7 edition of the Austin American-Statesman declared what Texas politicians had been telling Texans for months: Texans were going to receive an \$18 billion property tax cut thanks to the Texas Legislature and the approval of Texas voters.

Unfortunately, for Texas property owners, that is not how it actually worked out. According to data recently released by [Texas Comptroller Glenn Hegar](#), property taxes paid by Texans will increase by more than about \$165 million this year.

**Figure 1: Total Texas Property Texas Revenue: 2022-23**

Tax Year	Special Districts	County	City	School Districts	Total Revenue
<b>2022</b>	11,114,932,893	12,797,292,176	13,634,971,451	43,947,280,443	81,494,476,962
<b>2023</b>	12,642,316,100	14,272,154,384	14,934,755,802	39,810,455,014	81,659,681,300
<b>Change</b>	<b>1,527,383,207</b>	<b>1,474,862,208</b>	<b>1,299,784,352</b>	<b>-4,136,825,429</b>	165,204,337
<b>%</b>	13.74%	11.52%	9.53%	-9.41%	0.20%

The \$18.165 billion difference between those two numbers is caused by several factors. The \$18 billion was reduced by \$5.3 billion because Texas politicians were not forthright with their constituents; that amount of relief has already been provided for in 2019 and 2021. Yes, the state had to pay for the old relief, but it also had to pay for relief from 2015, 2007, and 1998. Yet the Legislature did not try to claim those previous efforts were part of this year's relief.

Another \$6.6 billion was lost due to the different budget cycles of the state and school property taxes. The state of Texas has a two-year budget, but Texans pay property taxes every year. This means that the Legislature only budgeted \$6.1 billion for the current 2023 property tax year. Next year, the Legislature will spend \$6.6 billion to maintain that relief, but that money will not provide any additional relief for property owners.

That leaves us with the actual \$6.1 billion of property tax relief that was going to be used to reduce school taxes on Texas property owners. Our elected officials could have told us this amount from the start, but \$18 billion made better headlines.

## Where did the Money Go?

The numbers tell us that property taxes should have decreased by \$6.1 billion this year. According to the Texas Comptroller, however, property taxes instead increased this year by \$165 million dollars. What happened to our \$6.1 billion property tax cut?

**Figure 2: Amount of Property Tax Relief Lost to Local Property Tax Increases**

Special Districts	Counties	Cities	School Districts
\$1,527,383,207	\$1,474,862,208	\$1,299,784,352	\$1,963,174,571

**School Districts – \$1.9 Billion**

The first thing to notice is that school property taxes did not drop by the \$6.1 billion that the Legislature used to buy down school property taxes. The data from the Comptroller shows they only decreased by \$3.9 billion. This means that school districts raised property taxes enough to take away \$1.9 billion of the proposed tax cut from property taxpayers.

Dallas ISD provides a perfect example of what happened to the tax cut. Property tax revenue for the current year is [projected to increase by 4%](#) over last year despite the fact that the state was attempting to buy down property tax revenue. Overall, local revenue is budgeted to increase by 8.6% to support increased spending by Dallas ISD. What is Dallas ISD going to be spending its new revenue on?

It is increasing compensation for staff members—even though student enrollment is projected to decline by about 3,500. Those increases include stipend increases for head coaches and athletic event staff. Overall, payroll costs for the current school year are budgeted to increase by \$3.5 million, or 6.3%. It will also be spending money on Racial Equity programs.

**Cities - \$1.3 Billion**

Cities also contributed to eliminating the promised tax cut. Property tax revenue to cities is expected to jump \$1.3 billion by 9.5%. A look at the city of [Houston’s FY 2024](#) budget helps explain this. Its property tax revenue is budgeted to increase by \$97 million, or 7.65%. Of course, Houston’s property tax revenue is being increased to support increased spending. Its 2024 budget represents a 7%, \$403 million increase over the previous year. Its budget for the current year totals \$6.2 billion.

**Counties – \$1.5 Billion**

Counties made sure that they were able to take advantage of the proposed tax cut to increase their revenues. Bexar County, for example, will raise [\\$57 million](#) more in property tax revenue in its current budget than in last year’s, a 10.8% increase. Bexar County’s adopted budget totals \$2.96 billion for all funds. Its General Funds budget totals \$632.8 million, a \$64 million, 11.3% increase from the previous year.

**Special Districts - \$1.5 Billion**

Special Districts in Texas include municipal utility districts, water districts, and hospital districts. Even though their share of property tax revenue is less than counties, cities, or school districts, special district property tax revenue increased more than any of the other categories, up \$1.5 billion this year. Their percentage increase outpaces the other entities as well; revenue for special districts was up 13.7% in 2023.

**How to Stop Runaway Local Property Tax Increases**

There is one very simple way to stop the runaway growth of local property taxes—local government must stop runaway local government spending. If local officials and local voters are unwilling to make this happen, here are two simple but very effective ways that the state of Texas could stop the growth of property tax increased by local governments:

**Freeze School M&O Property Taxes**

School districts have proven themselves unable to be good stewards of taxpayer money. Texas should eliminate the ability of school districts to increase M&O property taxes by freezing school property taxes at the current level to stop school districts from interfering with a buydown. If school districts want to increase spending, the money should come from the state, not local taxpayers.

***Require Voter Approval for Local Governments to Exceed the No-New-Revenue Tax Rate***

Cities, counties, and special purpose districts constantly undermine property tax relief by rapidly filling in the gap created by a reduction in school property taxes. A simple way to stop this is for all local governments to ask voters for permission if they want to keep doing so. Texas should require cities, counties, and special purpose districts to ask voter permission to exceed the No-New-Revenue Tax Rate.

***Change to the No-New-Revenue Tax Rate to be the Rate That Actually Produces No New Revenue***

The current No-New-Revenue Tax Rate and other limits on property tax growth are frauds being perpetrated on taxpayers by Texas politicians. For instance, the average increase in property tax revenue for cities, counties, and special districts this year is 11.6%, even though increases for cities and counties are supposedly limited to 3.5% and special districts to 6%. There are multiple ways by which this is accomplished. One is the fact that the No-New-Revenue Tax Rate does not actually mean no new revenue. For instance, the city of [Houston's No-New-Revenue Tax Rate](#) allowed for a property tax revenue increase of \$29.9 million in its current budget. The Texas Legislature should change the law to make the law transparent so that no new revenue means no new revenue.