

The Truth about MUD Taxes



When neighborhoods grow, MUDs drive tax rates down, not up - thanks to a financing model built for accountability and long-term savings.

2024 Tax Rates Compared: *The 2024 MUD Tax Rate is 5.3% lower than the City of Houston.*

\$0.51919

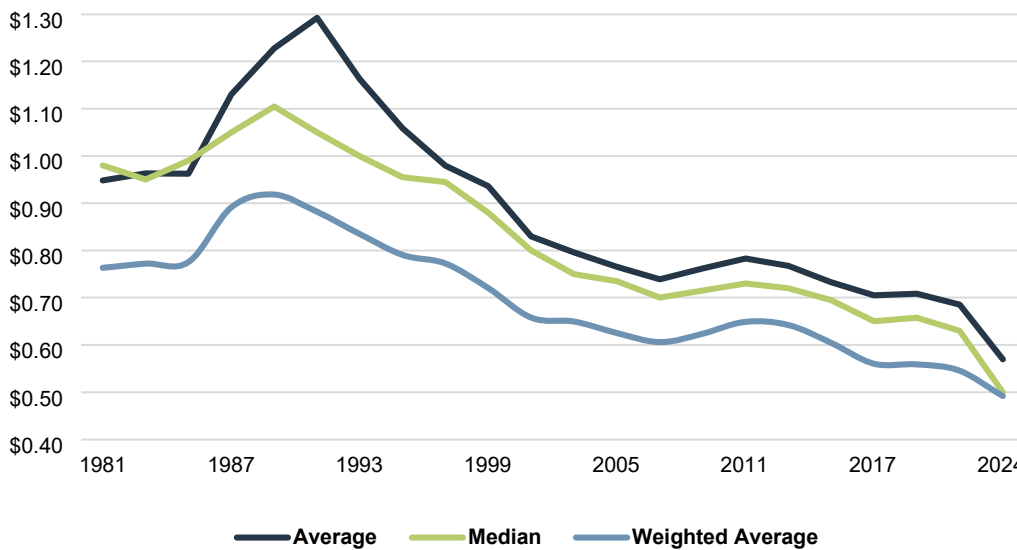
**2024 Tax Rate for
City of Houston**

\$0.49176

**2024 Tax Rate for
MUDs in Harris County***

**Weighted Average*

Historical Tax Rates for Houston Area MUDs from 1981 to 2024



Why use a weighted average?

The weighted average tax rate is weighted by the taxable values in each of the districts for each tax year. The weighted average is the most meaningful of the averages because it accounts for varying property values among districts. A weighted average is correct when analyzing a mixture of MUDs with high tax rates but low property values, and MUDs with low tax rates but high property values.

WHY DO MUD TAX RATES DECREASE?

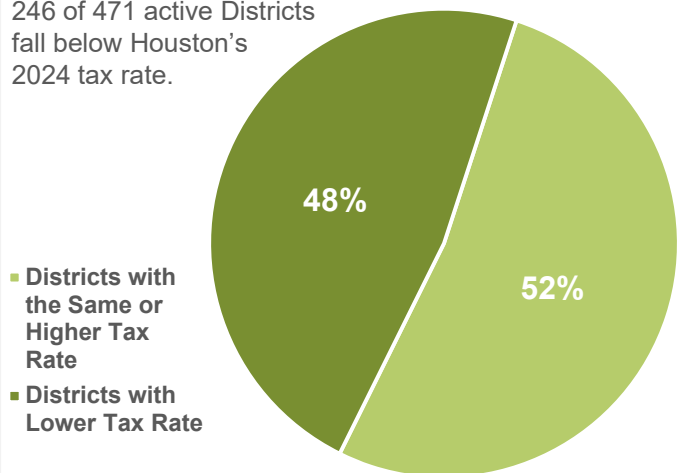


- **MUDs are designed to pay down debt.** As infrastructure bonds are repaid, the portion of the tax rate dedicated to debt service naturally falls. This built-in payoff structure steadily reduces tax rates over time.
- **Growth lowers the cost for everyone.** As homes, businesses, and commercial development are built, the tax base expands. More taxpayers sharing the same fixed costs means individual tax burdens decrease.
- **MUD spending doesn't balloon as communities grow.** Core infrastructure - water, sewer, drainage - is largely built early. Once in place, maintenance costs grow slowly, even as population increases.

MUDs consistently reduce their tax rates as development matures – **a pattern most other forms of local government simply do not follow.**

Nearly Half of MUDs in Harris County have Lower Tax Rates than the City of Houston.

246 of 471 active Districts fall below Houston's 2024 tax rate.



If Houston annexed all MUDs in Harris County, almost 1.2 Million people would immediately pay higher property taxes.