

A photograph of the Houston skyline at sunset. The sun is low on the horizon, casting a warm orange glow over the city. Several tall skyscrapers are visible, including the JP Morgan Chase Tower (formerly Bank of America Tower) and the Texas Tower. The sky is a mix of orange, yellow, and blue.

CONTROLLER'S OFFICE INSIGHTS

How Houston Compares: A Look at Texas Big-City General Fund Revenues

**BUDGET AND FISCAL AFFAIRS
COMMITTEE**

October 7, 2025

OFFICE OF CITY CONTROLLER CHRIS HOLLINS

This document examines how Houston's General Fund revenues compare to peer cities

Last month, the Controller's Office informed City Council that **Houston is financially vulnerable to natural disasters** because the City's financial policies call for only about **half the recommended level of savings**, even as we grapple with **frequent disasters and rising costs**.

Council asked us to examine what other Texas cities are doing to address General Fund budget challenges. This Insights Report seeks to answer that question.

What this is:

- A high-level look at how large cities across Texas fund their General Fund operations.
- Compares key revenue sources such as property tax, fees, and transfers.
- Identifies opportunities and constraints unique to Houston's revenue model.

What this is not:

- A comprehensive or exhaustive analysis of all revenue streams across peer cities.
- A recommendation of which revenue options to pursue.

Houston has the lowest property tax rate of all major cities in Texas

City	Tax Year 2024	Tax Year 2025*	Change year-over-year	Voter Approval Rate (VAR)	Comparison to VAR
Houston	51.92¢	51.92¢	No change	55.34¢	▼ 3.42¢
San Antonio	54.16¢	54.16¢	No change	56.23¢	▼ 2.07¢
Dallas	70.47¢	69.88¢	▼ 0.59¢	70.33¢	▼ 0.45¢
Fort Worth	67.25¢	67.00¢	▼ 0.25¢	73.68¢	▼ 6.68¢
Austin	47.76¢	57.40¢	▲ 9.64¢	52.40¢	▲ 5.00¢
El Paso	76.14¢	75.96¢	▼ 0.18¢	76.59¢	▼ 0.63¢

*Tax rates are either proposed, adopted, or requires voter approval



Houston is the only major city in Texas that does not charge a garbage / environmental fee or transfer revenue from its utility

Fee Type*	Houston	San Antonio	Dallas	Fort Worth	Austin	El Paso
Garbage / Solid Waste Fee	✗	✓	✓	✓	✓	✓
Clean Community / Environmental Fee	✗	✓	✓	✓	✓	✓
Utility Transfer	✗	✓	✓	✓	✓	✓
Transportation Fee	✗	✗	✗	✗	✓***	✗

*Focus is on notable residential fees, excludes [state](#) & commercial fees (Franchise, Telecom, etc.) **While a Transportation Fee might help with road repairs, it wouldn't directly impact the general fund deficit.



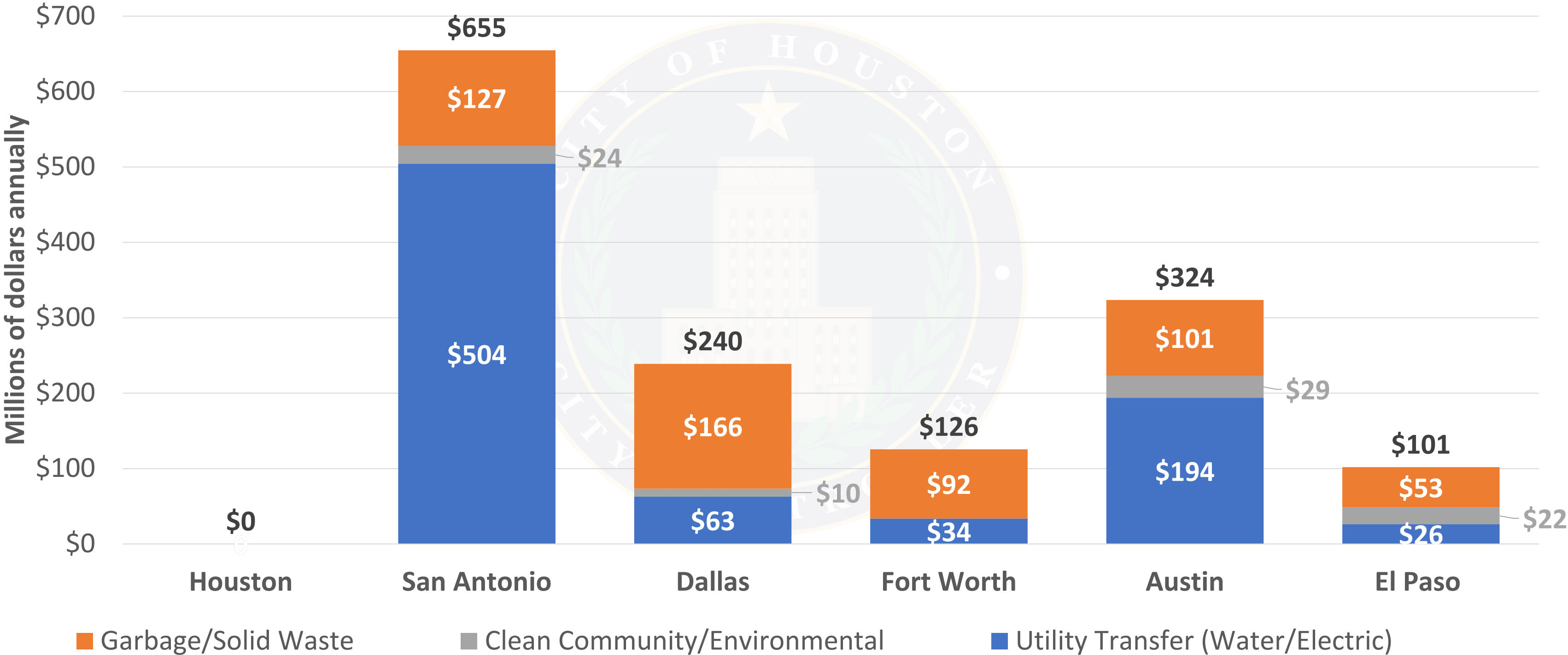
Other cities receive hundreds of millions of dollars in General Fund revenue based on fees we don't charge

Fee Type	Houston	San Antonio	Dallas	Fort Worth	Austin	El Paso
Garbage / Solid Waste	\$0	\$127M	\$165M	\$92M	\$101M	\$53M
Clean Community / Environmental	\$0	\$24M	\$10M	Embedded in Sanitation	\$29M	\$22M
Utility Transfer	\$0	\$504M Water + Energy	\$65M Water	\$34M Water/Sewer	\$194M Water + Energy	\$26M Water
Transportation	\$0	\$0	\$0	\$0	\$115M	\$0
Total General Fund Revenue from Residential Fees	\$0	\$655 million	\$240 million	\$126 million	\$324 million	\$101 million

While a Transportation Fee might help with road repairs, it wouldn't directly impact the general fund deficit.



Another look at fee-based revenues that large Texas cities generate



Charging fees in line with other Texas cities would create/free at least \$200 million in annual revenue

Fee Type	Houston Current Cost per Household	Peer Average Cost per Household	Impact to General Fund if Houston Charged Peer Average	Notes
Garbage/Solid Waste Fee	\$0/month	\$33/month	\$164 million/year	Solid Waste is GF-funded. New fee would directly free GF capacity.
Clean Community/Environmental Fee	\$0/month	\$3/month	\$15 million/year	Potential GF Relief / Impact
Utility transfer	varies	varies	Houston is the only major Texas city that does not transfer utility revenues to its General Fund. To do so, the City would likely need to increase the efficiency of its utilities and/or increase its rates. Peer cities capture \$25-500 million annually from utility transfers.*	
Transportation Fee	\$0/month	\$20/month	none	Would create \$100 million in revenue, but would not free up General Fund dollars. Fees would instead be directed to additional road repair, etc.

** Additional legal analysis required to consider/pursue this option. May be less viable given that the City is already planning to increase water rates over the next several years to cover infrastructure investments related to the consent decree.*



Summary: Houston could increase General Fund by acting in line with other large Texas cities

- Increasing Houston's General Fund reserves would make the City less vulnerable to natural disasters
- Houston has the lowest property tax rate of all major cities in Texas
 - All Texas cities operate under a revenue cap that could be exceeded by going to voters
 - Austin is the only city that has gone to voters to exceed its cap; all others are under their respective caps
- There are a number of fees that all major Texas cities other than Houston charge
 - Garbage / Solid Waste Fee
 - Clean Community / Environmental Fee
 - Municipal Utility Revenue Transfer - unlike peer cities, Houston's water and sewer utility provides *no transfer* to the General Fund
- Charging fees in line with other Texas cities would create/free at least \$200 million in annual General Fund revenue
 - Other fees would not impact General Fund, but could provide additional resources for City infrastructure investment

Questions



Appendix

Unlike other cities, San Antonio’s largest revenue source isn’t property tax

