

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.



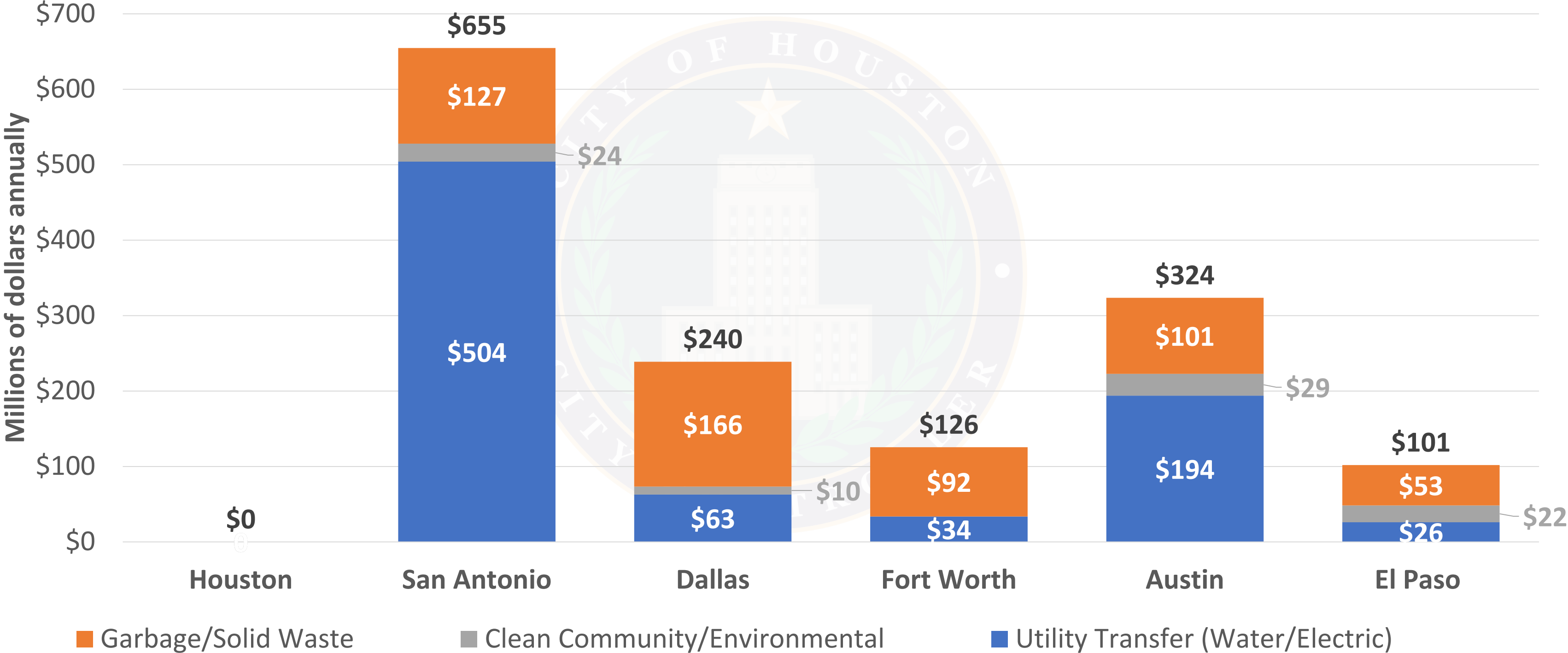
# Other cities receive hundreds of millions of dollars in General Fund revenue based on fees we don't charge

| 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<br>Water + Energy | \$65M<br>Water | \$34M<br>Water/Sewer   | \$194M<br>Water + Energy | \$26M<br>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.

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# 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

