



Testimony to Senate Local Government Committee Against SB 9

Shannon Halbrook, Invest in Texas Director, Every Texan

August 1, 2025

Every Texan is an independent research organization that, for 40 years, has advocated for public policy for better access to quality health care, food security, education, fairer taxation and good jobs for all Texans. **We oppose SB 9, which would decrease the voter-approval tax rate for many cities and counties to 2.5%.**

Local tax revenue pays for public services that local governments can best provide. It supplies resources for the on-the-ground services we rely on as Texans, like our roads, parks, police, fire and EMS. We all share the benefits of those services and we also share the cost. Trash pickup isn't free.

To do that, local government officials must have the flexibility to respond to their communities' needs. They hear from their constituents when potholes aren't filled and trash doesn't get picked up. Like you, they have to do the job citizens elect them to do. And, like you, they need tax revenue to do it.

But, local governments are being squeezed by increased costs. Rising budgets do not simply represent greed or mismanagement by local officials. Local revenue needs are increasing because local governments' costs are increasing. At the state level, we adjust for this by incorporating inflation plus population growth, as well as other flexible metrics, to calculate the spending caps for the state budget every biennium. A fixed statewide cap does not take local needs or conditions into account.

General price inflation alone is currently between 2.5% and 3%. We know from experience that in an economic crisis, that rate can jump quickly. Furthermore, inflation of many of the goods and services local governments pay for has increased even more than general inflation: construction costs, equipment and facility maintenance costs, infrastructure, electricity, disaster recovery and rebuilding, public transportation, health insurance, wages, and more. Those prices vary across the state as well.

Many Texas cities and counties continue to experience significant population growth.

According to the Census Bureau, Houston, San Antonio, and Fort Worth all ranked in the national top five for numerical growth in 2024.¹ 7 of the top 15 U.S. cities by percentage growth are in suburban and exurban Texas, including Anna, Princeton, Celina, Melissa and Fate in the DFW metroplex, and Fulshear in far west Houston. All saw year-over-year growth of 10% or more, and all but two have populations greater than 30,000. Also that year, Kaufman County grew by 6%, Montgomery County by 4.8% and Ellis County by 4.1%.²

¹ <https://www.census.gov/newsroom/press-releases/2025/vintage-2024-popest.html>

² <https://www2.census.gov/programs-surveys/popest/datasets/2020-2024/counties/totals/>

One local government responsibility of special note: recovery and rebuilding from disasters.

Disaster recovery is a costly yet vital responsibility of local governments, but governments must have the cash flow to pay first responders and other up-front costs without waiting for reimbursement from FEMA or other entities. Local officials must be empowered to make these hard decisions and supported in explaining them to their communities.

If local governments cannot set their own property tax rates, they will have to obtain revenue in other ways. That might include an increase in the sales tax, or an increase in fines and fees, as has happened across the country, hitting low-income residents the hardest. Or, state lawmakers should be prepared to assist with more of local government needs and ease unfunded mandates.