

TEXAS PROPERTY TAX ★ REFORM PLAN CHAPTER 325A

LOWER PROPERTY TAXES. PAID FOR BY GROWTH.

How Chapter 325A shifts city and county M&O property taxes onto statewide economic activity.

OUR GOAL

WE WANT YOU TO PAY LESS AND GET BETTER SERVICE.

Not by cutting what cities and counties do, but by changing who carries the load: the growing Texas economy instead of the family home.

THE PROBLEM WITH PROPERTY TAXES TODAY



Owed every year, whatever you earn

Bills follow appraisals, not paychecks. Families on fixed incomes can be taxed out of homes they've already paid for.



Renters pay it too

Property taxes are passed through in rent, so the burden reaches every household, not just owners.



Tied to local budgets

City and county M&O taxes fund day-to-day operations, so they climb as budgets grow.

WHY NOT JUST CANCEL THEM?



Cancel them overnight

M&O taxes pay for police, fire, streets and parks. Abolishing them leaves a hole in every city and county budget.



Swap in something unproven

Services and bond ratings depend on revenue that is predictable. An untested replacement trades one problem for another.

The Bill replaces M&O property taxes step by step, and only as certified revenue actually arrives.

WHAT THE BILL DOES

Chapter 325A adds a **2.75% state sales and use tax**, dedicated by statute to replacing city and county maintenance and operations (M&O) property taxes.



WHERE THE 2.75% GOES

SALES INSIDE CITY LIMITS

2.00 + 0.75

2.00 points to the city, 0.75 points to the county.

SALES IN UNINCORPORATED AREAS

2.75

All 2.75 points to the county.

Revenue follows the sale: the Comptroller attributes it to the city and county where the taxable activity happened. City and county money is accounted for separately.

HOW IT WORKS

1



People shop

Taxable sales and services across Texas generate sales tax.

2



State collects

The 2.75% goes into the Replacement Revenue Fund.

3



Comptroller allocates

A uniform formula based on local taxable activity.

4



Funds return locally

To the city or county where the activity happened.

5



Rates come down

M&O rates drop as replacement revenue is certified.

BUILT-IN SAFEGUARDS



Certified revenue only

Rates fall only as far as certified replacement revenue allows.



Capped at 100%

No city or county gets more than its Certified Replacement Amount.



Debt protected

Bonds and other debt-service taxes stay outside the program.



Stabilization reserves

Capped at 10% of next year's total CRA to ride out downturns.



Fixed equalization

Need = CRA – CRD. No discretionary weighting by the Comptroller.



Low-income credit

Refundable for households at or below 130% of the poverty line.

Once every obligation is met, excess revenue triggers a review of lowering the 2.75% rate.

ONE HOME: \$300,000 IN AUSTIN

CITY M&O TAX TODAY

\$1,381

WITH THE BILL, 2025 · 84% REPLACED

\$218

Year	Today	With the Bill
2025	\$1,381	\$218
2026	\$1,395	\$0
2027	\$1,409	\$0
2028	\$1,423	\$0
2029	\$1,437	\$0

The city’s debt-service (I&S) tax, about \$341 a year, is not replaced and is still owed.

Estimate from the TPTR calculator · 2025 city tax data · city M&O tax only

TEXAS’S LARGEST CITIES, YEAR ONE

City	Today	With the Bill	Replaced
Houston	\$1,210	\$0	100%
San Antonio	\$990	\$0	100%
El Paso	\$1,648	\$151	91%
Dallas	\$1,522	\$190	88%
Fort Worth	\$1,568	\$212	86%
Austin	\$1,381	\$218	84%

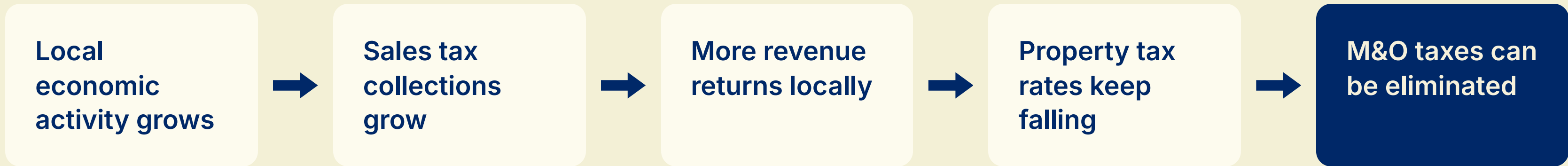
464

of 1,038 Texas cities would see city M&O tax fully replaced in year one.

In the model, every city reaches 100% from 2026.

\$300,000 city taxable value · 2025 city tax data · city M&O tax only · TPTR calculator

THE LONG-TERM PATH




Transparent
Clear formulas and public accountability.


Predictable
Stable funding that grows with the Texas economy.


Sustainable
Shifts the burden from property ownership to economic activity.

TEXAS PROPERTY TAX REFORM. MORE GROWTH. LESS TAX.



See your numbers

Calculator for all 1,038 Texas cities at
www.tptr.org.



Ask questions

Visit the website or ask questions on
the website chatbot.



Get in touch

hello@tptr.org