

## MEMORANDUM

TO: Bill Fulton  
Kinder Institute

FROM: Julie Herlands  
TischlerBise

DATE: December 22, 2021

RE: **Harris County-City of Houston Tax Equity Study**

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## Executive Summary

### OVERVIEW

TischlerBise is under contract with the Kinder Institute to conduct a Tax Equity Study at the request of the City of Houston. Generally, a Tax Equity Study is an examination of the relationship between levels of government where taxes paid by one jurisdiction (i.e., a city) are used to support services both inside and outside the jurisdiction (i.e., within incorporated and unincorporated areas of a county).

The Harris County-City of Houston Tax Equity Study seeks to address the extent to which property taxes paid by City of Houston residents and businesses financially support County services provided in Harris County outside the City of Houston. In other words, the City is interested in learning whether City taxpayers are subsidizing services provided outside the City of Houston.

TischlerBise worked with Harris County staff to obtain financial data and understand the services provided by the County—specifically, the provision of countywide services in the City of Houston compared to the remainder of the County. Methodologies were developed and applied to countywide services to allocate costs to the City of Houston and elsewhere in the County. The methodologies were applied to property-tax funded services to derive a bottom line distribution of costs allocated to the City of Houston and outside the City. The cost allocation was then compared to property tax revenues generated from the City of Houston and outside the City.

## FINDINGS

The study found that the City of Houston generates more County property tax revenue than it consumes in County primary government services.<sup>1</sup> The opposite occurs for the Hospital District, where the City is estimated to consume more services than it generates in dedicated Hospital District property tax revenues. **In total, it is estimated that the City of Houston contributes more County property tax dollars than it is estimated to receive in County services.** In FY2019, the amount is estimated at \$142 million (or a little over 5 percent of expenditures); and in FY2020, the amount is estimated at \$169 million (or almost 6 percent of expenditures).

Figure 1. Tax Equity Findings Summary FY2019

FISCAL YEAR 2019			
	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL
<b>GOVERNMENTAL ACTIVITIES: PRIMARY GOVERNMENT</b>			
Total Expenditures [see figures] (\$Millions)	\$793	\$1,194	\$1,987
Total Estd Revenue on Equalized Rate (\$Millions)	\$1,003	\$984	\$1,987
<b>PRIM. GOVT.</b>			
Differential (\$Millions)	\$210	(\$210)	\$0
<b>COMPONENT UNIT: HOSPITAL DISTRICT</b>			
Total Expenditures [see figures] (\$Millions)	\$425	\$283	\$708
Total Estd Revenue on Equalized Rate (\$Millions)	\$357	\$351	\$708
<b>COMP. UNIT</b>			
Differential (\$Millions)	(\$68)	\$68	\$0
<b>GRAND TOTAL</b>			
Total Expenditures (\$Millions)	\$1,218	\$1,477	\$2,695
Total Estd Revenue on Equalized Rate (\$Millions)	\$1,360	\$1,335	\$2,695
<b>GRAND TOTAL</b>			
Differential (\$Millions)	\$142	(\$142)	\$0
% Differential (\$ Differential / Total Exps)	5.3%	-5.3%	

<sup>1</sup> Harris County primary government services are: Administration of Justice, Parks, County Administration, Health and Human Services, Flood Control, Tax Administration, Road and Bridges, and Interest and Fiscal Charges.

Figure 2. Tax Equity Findings Summary FY2020

FISCAL YEAR 2020			
	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL
<b>GOVERNMENTAL ACTIVITIES: PRIMARY GOVERNMENT</b>			
Total Expenditures [see figures] (\$Millions)	\$893	\$1,295	\$2,188
Total Estd Revenue on Equalized Rate (\$Millions)	\$1,123	\$1,065	\$2,188
<b>PRIM. GOVT.</b>			
Differential (\$Millions)	\$230	(\$230)	\$0
<b>COMPONENT UNIT: HOSPITAL DISTRICT</b>			
Total Expenditures [see figures] (\$Millions)	\$420	\$280	\$701
Total Estd Revenue on Equalized Rate (\$Millions)	\$360	\$341	\$701
<b>COMP. UNIT</b>			
Differential (\$Millions)	(\$61)	\$61	\$0
<b>GRAND TOTAL</b>			
Total Expenditures (\$Millions)	\$1,314	\$1,575	\$2,889
Total Estd Revenue on Equalized Rate (\$Millions)	\$1,482	\$1,406	\$2,889
<b>GRAND TOTAL</b>			
Differential (\$Millions)	\$169	(\$169)	\$0
% Differential	5.8%	-5.8%	

## Study Overview

The Tax Equity Study originated with a Budget Amendment from Houston City Council Member Abbie Kamin and set the direction for the study:

*Fiscal Responsibility and Tax Disparity Study:*

- *Commission a study to determine the existence and scale of disparity between Harris County tax revenues from City of Houston residents and county budget expenditures within city limits*
- *Ensures tax dollars are fairly and equitably spent by the county in the City of Houston<sup>2</sup>*

The objective of the study is to identify the amount of County property taxes paid by City of Houston residents and businesses compared to the cost for County services provided within City of Houston limits. If tax revenues (City-paid County property taxes) exceed the cost of services (City-consumed County services), then the City is in effect subsidizing County services outside the City of Houston.

This study evaluates the relationship between taxes paid and services consumed by **the City of Houston** only and does not analyze other municipalities in Harris County. Investigating the allocation of County services in other incorporated areas is beyond the scope of this study.<sup>3</sup>

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<sup>2</sup> Houston City Council Member Abbie Kamin Budget Amendment, 2020

<sup>3</sup> A Phase 2 study could address this.

## Approach and Methodologies

### HARRIS COUNTY EXPENDITURES: OVERVIEW

The first step in the Tax Equity Study is to analyze Harris County expenditures. The following summarizes the parameters and approach for the analysis.

- This study is a high-level review of Harris County expenditures and services. This phase of the study does not analyze service incidence data (i.e., client caseloads, public safety calls for service), which could be done in a more detailed “Phase 2” study.
- The analysis uses **actual expenditures** as opposed to budgeted amounts. Actuals were provided to TischlerBise by Harris County staff.
- Two fiscal years are examined, 2019 and 2020, to broaden the sample size beyond one year. It is acknowledged that both years were affected by the COVID-19 Pandemic.
- The study analyzes **net** expenditures, reflecting total expenses minus program revenues. Resulting net expenditures reflect costs for services supported by property tax revenue.
- TischlerBise met with County staff to understand the services provided under each expenditure category and discussed potential allocation methodologies. TischlerBise received feedback from County staff on preliminary allocation methodologies and modifications were integrated where appropriate.
- Services are grouped into two geographies:
  1. Countywide: Serving all parts of the County, namely, **both** inside and outside the City of Houston (i.e., unincorporated County, City of Houston, and other municipalities.)
  2. Outside City of Houston only
- For those services provided countywide, an allocation methodology is applied.
- Allocation methodologies (and percentages) vary by type of County service.

Summaries of Harris County service allocations are shown below for Fiscal Years 2019 and 2020. With the exception of County Population allocation, which uses estimates for 2019 and 2020 respectively, all allocation percentages are averages of data available. Indirect cost percentages are derived from the allocation of direct costs and vary by year. Detail is provided in this report.

Figure 3. Summary of Expenditure Allocations FY 2019

Type of Expenditure	Government Type	Allocation Methodology	% by Jurisdiction		
			CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL
Administration of Justice	Primary Government	Admin of Justice Wtd Avg	42.5%	57.5%	100.0%
Parks	Primary Government	Remainder of County	0.0%	100.0%	100.0%
County Administration	Primary Government	County Functional Population & Employment	54.1%	45.9%	100.0%
Health and Human Services	Primary Government	County Population	49.5%	50.5%	100.0%
Flood Control	Primary Government	Impervious Area	59.1%	40.9%	100.0%
Tax Administration	Primary Government	Tax Admin Wtd Avg	48.5%	51.5%	100.0%
Road and Bridges	Primary Government	Lane Miles	10.5%	89.5%	100.0%
Interest and Fiscal Charges	Primary Government	Indirect %	39.9%	60.1%	100.0%
<b>TOTAL \$</b>					
Hospital District	Component unit	Health Estimated %	60.0%	40.0%	100.0%

Figure 4. Summary of Expenditure Allocations FY 2020

Type of Expenditure	Government Type	Allocation Methodology	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL
Administration of Justice	Primary Government	Admin of Justice Wtd Avg	42.5%	57.5%	100.0%
Parks	Primary Government	Remainder of County	0.0%	100.0%	100.0%
County Administration	Primary Government	County Functional Population & Employment	54.1%	45.9%	100.0%
Health and Human Services	Primary Government	County Population	49.4%	50.6%	100.0%
Flood Control	Primary Government	Impervious Area	59.1%	40.9%	100.0%
Tax Administration	Primary Government	Tax Admin Wtd Avg	48.5%	51.5%	100.0%
Road and Bridges	Primary Government	Lane Miles	10.5%	89.5%	100.0%
Interest and Fiscal Charges	Primary Government	Indirect %	40.8%	59.2%	100.0%
<b>TOTAL \$</b>					
Hospital District	Component unit	Health Estimated %	60.0%	40.0%	100.0%

Each allocation methodology used in the analysis is discussed in turn below.

## HARRIS COUNTY EXPENDITURES: DETAIL

Further detail by expenditure group is provided in this section. For some expenditure groups, more detailed analysis is done and rolled up to get an average allocation by geography (e.g., Administration of Justice). For others, the allocation methodology that is shown on the summary table is the allocation percent (e.g., Parks).

### Administration of Justice

*Geography: Countywide*

*Allocation Methodology: Admin of Justice Weighted (Wtd) Average*

Harris County Administration of Justice functions include the following departments:

- Constables
- Sheriff's Office
- Courts
- Indigent Defense
- Justices of the Peace
- Fire Marshal
- Institute of Forensic Sciences
- County Attorney
- County Clerk
- District Attorney
- District Clerk
- Community Supervision
- Pre-Trial Services
- Juvenile Probation
- TRIAD Program
- Protective Services

Administration of Justice functions comprise the largest share of the Harris County budget. Costs for each department are allocated based on services provided. Allocation percentages are applied to expenditures to derive a weighted average for Administration of Justice functional expenses. Based on the analysis, the allocation of costs is estimated at 42.5 percent in the City of Houston and 57.5 outside the City of Houston. Detail is provided below.

Allocation methodologies for each Administration of Justice department were developed based on discussions with Harris County staff and TischlerBise’s analysis of County services. For the Sheriff’s Office Patrol and Administration line item, additional analysis was conducted and summarized in Figure 9.

Figure 5. Administration of Justice Allocation

Allocation	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON
County Functional Population and Employment	54.1%	45.9%
Remainder of County	0.0%	100.0%
Population	49.5%	50.5%
HCSO Patrol & Admin Allocation	7.7%	92.3%

Department	Adopted Budgets	Combined FY19 & FY20 \$			Allocation Methodology	ALLOCATION % BY JURISDICTION				FY19 ALLOCATION \$ BY JURISDICTION			FY20 ALLOCATION \$ BY JURISDICTION		
		FY19 \$	FY20 \$	FY20 \$		COUNTY-WIDE	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL
Constables	Precincts 1-8	\$189,775,000	\$197,742,000	\$387,517,000	County Functional Population and Employment	X	54.1%	45.9%	100.0%	\$102,623,926	\$87,151,074	\$189,775,000	\$106,932,211	\$90,809,789	\$197,742,000
Sheriff	Patrol & Administration	\$218,159,000	\$229,167,000	\$447,326,000	HCSO Patrol & Admin Allocation	X	7.7%	92.3%	100.0%	\$16,798,243	\$201,360,757	\$218,159,000	\$17,645,859	\$211,521,141	\$229,167,000
	Detention	\$204,645,000	\$214,877,000	\$419,522,000	Population	X	49.5%	50.5%	100.0%	\$101,225,650	\$103,419,350	\$204,645,000	\$106,286,809	\$108,590,191	\$214,877,000
	Medical	\$66,986,000	\$75,335,000	\$142,321,000	Population	X	49.5%	50.5%	100.0%	\$33,133,970	\$33,852,030	\$66,986,000	\$37,263,722	\$38,071,278	\$75,335,000
	Sheriff's Civil Service	\$278,000	\$292,000	\$570,000	Sheriff Indirect	X	31.0%	69.0%	100.0%	\$86,180	\$191,820	\$278,000	\$90,520	\$201,480	\$292,000
Courts		\$51,235,000	\$54,035,000	\$105,270,000	County Functional Population and Employment	X	54.1%	45.9%	100.0%	\$27,706,162	\$23,528,838	\$51,235,000	\$29,220,307	\$24,814,693	\$54,035,000
	Indigent Defense	\$59,686,000	\$78,845,000	\$138,531,000	Population	X	49.5%	50.5%	100.0%	\$29,523,097	\$30,162,903	\$59,686,000	\$38,999,909	\$39,845,091	\$78,845,000
	Justices of the Peace	\$26,238,000	\$27,651,000	\$53,889,000	Population	X	49.5%	50.5%	100.0%	\$12,978,370	\$13,259,630	\$26,238,000	\$13,677,297	\$13,973,703	\$27,651,000
	Fire Marshal	\$6,315,000	\$8,028,000	\$14,343,000	Remainder of County		0.0%	100.0%	100.0%	\$0	\$6,315,000	\$6,315,000	\$0	\$8,028,000	\$8,028,000
	Institute of Forensic Sciences	\$30,836,000	\$35,400,000	\$66,236,000	Population	X	49.5%	50.5%	100.0%	\$15,252,726	\$15,583,274	\$30,836,000	\$17,510,264	\$17,889,736	\$35,400,000
County Attorney		\$26,355,000	\$28,174,000	\$54,529,000	County Functional Population and Employment	X	54.1%	45.9%	100.0%	\$14,251,896	\$12,103,104	\$26,355,000	\$15,235,550	\$12,938,450	\$28,174,000
County Clerk		\$30,013,000	\$31,514,000	\$61,527,000	County Functional Population and Employment	X	54.1%	45.9%	100.0%	\$16,230,019	\$13,782,981	\$30,013,000	\$17,041,709	\$14,472,291	\$31,514,000
	District Attorney	\$82,903,000	\$88,700,000	\$171,603,000	Population	X	49.5%	50.5%	100.0%	\$41,007,159	\$41,895,841	\$82,903,000	\$43,874,588	\$44,825,412	\$88,700,000
	District Clerk	\$34,455,000	\$36,178,000	\$70,633,000	Population	X	49.5%	50.5%	100.0%	\$17,042,829	\$17,412,171	\$34,455,000	\$17,895,094	\$18,282,906	\$36,178,000
	Community Supervision	\$1,275,000	\$2,004,000	\$3,279,000	Population	X	49.5%	50.5%	100.0%	\$630,666	\$644,334	\$1,275,000	\$991,259	\$1,012,741	\$2,004,000
	Pre-Trial Services	\$8,608,000	\$11,732,000	\$20,340,000	Population	X	49.5%	50.5%	100.0%	\$4,257,863	\$4,350,137	\$8,608,000	\$5,803,119	\$5,928,881	\$11,732,000
	Juvenile Probation	\$79,098,000	\$85,053,000	\$164,151,000	Population	X	49.5%	50.5%	100.0%	\$39,125,053	\$39,972,947	\$79,098,000	\$42,070,636	\$42,982,364	\$85,053,000
	TRIAD Program	\$1,551,000	\$1,629,000	\$3,180,000	Population	X	49.5%	50.5%	100.0%	\$767,187	\$783,813	\$1,551,000	\$805,769	\$823,231	\$1,629,000
	Protective Services	\$23,968,000	\$25,416,000	\$49,384,000	Population	X	49.5%	50.5%	100.0%	\$11,855,537	\$12,112,463	\$23,968,000	\$12,571,776	\$12,844,224	\$25,416,000
<b>TOTAL</b>		<b>\$1,142,379,000</b>	<b>\$1,231,772,000</b>	<b>\$2,374,151,000</b>						<b>\$484,496,534</b>	<b>\$657,882,466</b>	<b>\$1,142,379,000</b>	<b>\$523,916,398</b>	<b>\$707,855,602</b>	<b>\$1,231,772,000</b>
										42.4%	57.6%	100.0%	42.5%	57.5%	100.0%
										<b>AVERAGE FY19 and FY20</b>			<b>42.5%</b>	<b>57.5%</b>	<b>100.0%</b>



### County Functional Population and Employment

TischlerBise recommends using *County Functional Population and Employment* to allocate the cost of some services to residential and nonresidential development. The allocation is weighted to reflect time spent as a resident—consuming public services provided to residents—compared to time spent consuming public services provided to businesses and other nonresidential uses. Functional population is similar to what the U.S. Census Bureau calls "daytime population," which accounts for people living and working in a jurisdiction, but also considers commuting patterns and time spent at home and at nonresidential locations.

The analysis is done for three separate geographic areas for purposes of the study: Harris County (countywide), City of Houston, and Remainder of the County. The approach is to allocate hours per day to residential and nonresidential development.

For example, for Harris County: Harris County residents who do not work are assigned 20 hours per day to residential development and four hours per day to nonresidential development (annualized averages). Residents who work in Harris County are assigned 14 hours to residential development and 10 to nonresidential development. Residents who work outside Harris County are assigned 14 hours to residential development, and inflow commuters are assigned 10 hours to nonresidential development. Data is from the U.S. Census Bureau OnTheMap Application and LEHD Origin-Destination Employment Statistics, a web-based mapping and reporting application that documents where workers are employed and where they live.

Figure 6. County Functional Population and Employment Analysis

Harris County Total (Countywide)

Demand Units in 2018			
		Demand Hours/Day	Person Hours
<b>Residential</b>			
Population	4,686,778		
Residents Not Working	2,708,628	20	54,172,560
Employed Residents	1,978,150		
Employed in Harris County	1,547,162	14	21,660,268
Employed outside Harris County	430,988	14	6,033,832
		<b>Residential Subtotal</b>	<b>81,866,660</b>
<b>Nonresidential</b>			
Non-working Residents	2,708,628	4	10,834,512
Jobs Located in Harris County	2,388,955		
Residents Employed in Harris County	1,547,162	10	15,471,620
Non-Resident Workers (inflow commuters)	841,793	10	8,417,930
		<b>Nonresidential Subtotal</b>	<b>34,724,062</b>
		<b>Total</b>	<b>116,590,722</b>

Source: Texas Demographic Center Estimates of Total Population By County and Place (population); U.S. Census Bureau, OnTheMap 6.1.1 Application and LEHD Origin-Destination Employment Statistics (employment).

City of Houston

Demand Units in 2018			
		Demand Hours/Day	Person Hours
<b>Residential</b>			
Population	2,324,916		
Residents Not Working	1,292,780	20	25,855,600
Employed Residents	1,032,136		
Employed in the City of Houston	669,264	14	9,369,696
Employed outside the City of Houston	362,872	14	5,080,208
		<b>Residential Subtotal</b>	<b>40,305,504</b>
<b>Nonresidential</b>			
Non-working Residents	1,292,780	4	5,171,120
Jobs Located in the City of Houston	1,757,171		
Residents Employed in the City of Houston	669,264	10	6,692,640
Non-Resident Workers (inflow commuters)	1,087,907	10	10,879,070
		<b>Nonresidential Subtotal</b>	<b>22,742,830</b>
		<b>Total</b>	<b>63,048,334</b>

Source: Texas Demographic Center Estimates of Total Population By County and Place (population); U.S. Census Bureau, OnTheMap 6.1.1 Application and LEHD Origin-Destination Employment Statistics (employment).

Remainder of County

Demand Units in 2018			
<b>Residential</b>			
Population	2,361,862		
Residents Not Working	1,415,848	Demand Hours/Day: 20	Person Hours: 28,316,960
Employed Residents	946,014		
Employed in the Remainder of Harris County	877,898	14	12,290,572
Employed outside the Remainder of Harris County	68,116	14	953,624
		<b>Residential Subtotal</b>	<b>41,561,156</b>
<b>Nonresidential</b>			
Non-working Residents	1,415,848	4	5,663,392
Jobs Located in the Remainder of Harris County	631,784		
Residents Employed in the Remainder of Harris County	877,898	10	8,778,980
Non-Resident Workers (inflow commuters)	(246,114)	10	(2,461,140)
		<b>Nonresidential Subtotal</b>	<b>11,981,232</b>
		<b>Total</b>	<b>53,542,388</b>

Source: Texas Demographic Center Estimates of Total Population By County and Place (population); U.S. Census Bureau, OnTheMap 6.1.1 Application and LEHD Origin-Destination Employment Statistics (employment).

“Remainder of County” data is Harris County minus City of Houston (e.g., residential person hours of 81,866,660 minus 40,305,504 = 41,561,156 (Remainder of County Residential Subtotal)). These figures are used to determine functional population and employment allocations between the City of Houston and the Remainder of the County (i.e., outside the City of Houston).

Figure 7. County Functional Population and Employment Summary

COUNTYWIDE

2018 Functional Population	City of Houston	Remainder of County	TOTAL
Residential Hours	40,305,504	41,561,156	81,866,660
Nonresidential Hours	22,742,830	11,981,232	34,724,062
Total Hours	63,048,334	53,542,388	116,590,722
<b>Population and Employment Allocation</b>	<b>54.1%</b>	<b>45.9%</b>	<b>100.0%</b>

Source: U.S. Census, OnTheMap 2018

Note: 2018 is the latest data available from this source, which is the best source for inflow/outflow data.

## Population

Total population for Harris County, the City of Houston (in Harris County only), and the Remainder of the County (unincorporated county plus other incorporated areas) in 2019 and 2020 is displayed below in Figure 8. Texas Demographic Center population estimates are used. Population distribution is split almost in half with approximately 50 percent in the City of Houston and 50 percent outside the City.

**Figure 8. Population Distribution**

### Population

Year	Harris County	City of Houston (in Harris Co. only)	Remainder (Uninc. County plus Other Inc. Areas)
2019	4,698,655	2,325,298	2,373,357
<b>2019 Percent</b>	<b>100.0%</b>	<b>49.5%</b>	<b>50.5%</b>
2020	4,703,708	2,325,489	2,378,219
<b>2020 Percent</b>	<b>100.0%</b>	<b>49.4%</b>	<b>50.6%</b>
<b>Blended Average</b>		<b>49.5%</b>	<b>50.5%</b>

Source: Texas Demographic Center, *Estimates of the Total Populations of Counties and Places in Texas for July 1, 2019, and January 1, 2020*

**Harris County Sheriff’s Office (HCSO) Patrol and Administration**

Detail on Harris County Sheriff’s Office Patrol and Administration Allocation is provided below.

**Figure 9. Harris County Sheriff’s Office Patrol and Administration Allocation**

Harris County Sheriff’s Office  
Patrol and Administration Dept. Expenditures

	FY19	FY20	FY19		FY20		
			City of Houston	Outside COH	City of Houston	Outside COH	
<b>Patrol &amp; Administration Dept.</b>							
Executive Bureau							
Subtotal	\$18,247,436	\$19,270,903	<i>Indirect*</i>	1,756,724	16,490,712	1,908,375	17,362,528
Criminal Investigations Bureau			<i>Estimated %^</i>	40%	60%	40%	60%
Subtotal	\$34,930,014	\$37,896,725		\$13,972,006	\$20,958,008	\$15,158,690	\$22,738,035
Homeland Security Bureau			<i>Remainder of County**</i>	\$0	\$14,059,475	\$0	\$15,763,866
Subtotal	\$14,059,475	\$15,763,866					
Patrol Bureau			<i>Remainder of County**</i>	\$0	\$112,352,371	\$0	\$107,653,225
Subtotal	\$112,352,371	\$107,653,225					
Patrol Support Bureau			<i>Remainder of County**</i>	\$0	\$30,825,622	\$0	\$36,282,657
Subtotal	\$30,825,622	\$36,282,657					
Professional Development Bureau			<i>Indirect</i>	\$141,097	\$1,799,520	\$1,082,176	\$13,024,197
Subtotal	\$1,940,617	\$14,106,373					
<b>Subtotal Patrol &amp; Admin</b>	<b>\$212,355,535</b>	<b>\$230,973,749</b>	<b>SUBTOTAL DIRECT</b>	<b>\$13,972,006</b>	<b>\$178,195,476</b>	<b>\$15,158,690</b>	<b>\$182,437,783</b>
				<b>\$192,167,482</b>		<b>\$197,596,473</b>	
			<i>Indirect</i>	7.3%	92.7%	7.7%	92.3%
<b>TOTAL by Area</b>	<b>\$15,869,827</b>	<b>\$196,485,708</b>	<b>\$18,149,241</b>	<b>\$212,824,508</b>			
<b>GRAND TOTAL</b>		<b>\$212,355,535</b>		<b>\$230,973,749</b>			
			<b>Allocation</b>	7.5%	92.5%	7.9%	92.1%
			<b>Allocation (rounded)</b>	7.5%	92.5%	7.9%	92.1%
			<b>WEIGHTED AVERAGE</b>				
			<b>City of Houston</b>	<b>Outside COH</b>	<b>TOTAL</b>		
			\$34,019,068	\$409,310,216	\$443,329,284		

\* Indirect percentage plus estimated patrol contracts supports by Harris County (\$430,000)

^ Harris County

\*\* For this high-level analysis, patrol services are allocated to each jurisdiction's respective service area; namely, Harris County patrol services are allocated 100% outside the City of Houston as the City of Houston Police Department provides patrol services inside City boundaries. It is acknowledged that cross-boundary provision of services occur, which requires a level of analysis beyond the scope of this study. That said, a follow-on analysis (i.e., Phase 2) could analyze calls for service data to determine the cross-agency distribution of patrol services.

## Parks

*Geography: Unincorporated County*

*Allocation Methodology: Remainder of County*

Harris County Parks provides services and facilities to Unincorporated County; therefore, Park expenditures are allocated 100 percent outside the City of Houston. (City of Houston = 0%; Remainder of County = 100%)

## County Administration

*Geography: Countywide*

*Allocation Methodology: County Functional Population & Employment*

County Administration costs are allocated to countywide demand using a Functional Population methodology, which captures the demand from both residents and employees. Use of Functional Population aims to allocate costs based on time spent as a resident and/or an employee and reflect the impact on countywide administrative services. See Figure 7.

## Health and Human Services

*Geography: Countywide*

*Allocation Methodology: County Population*

Health and Human Services is a countywide service provided to residents. The costs are allocated based on share of population in City of Houston compared to remainder of the County. The City of Houston has approximately 50 percent of the County's population. See Figure 8.

## Flood Control

Geography: Countywide

Allocation Methodology: Impervious Area

Flood Control services are provided countywide and allocated based on existence of impervious area in the County. Impervious areas are covered by concrete, asphalt, roofs, or other materials that prevent rainfall from infiltrating into the ground.<sup>4</sup> The amount of impervious area increases flood risk and is used as a proxy for the demand for flood control projects. TischlerBise derived the distribution of impervious acreage in the City of Houston and outside the City of Houston by converting current development into developed acres (assuming average densities) and then applying an average percent imperviousness factor by type of land use. The resulting distribution is used to allocate Flood Control expenses by geographic study area.<sup>5</sup>

Figure 10. Impervious Acre Analysis

Land Use	Percent Impervious*	CITY OF HOUSTON		OUTSIDE CITY OF HOUSTON		TOTAL	
		Estd. Developed Acres	Impervious Acres	Estd. Developed Acres	Impervious Acres	Estd. Developed Acres	Impervious Acres
Single Family	30%	94,685	28,405	122,860	36,858	217,545	65,264
Multifamily	85%	25,687	21,834	10,839	9,213	36,526	31,047
Retail	85%	10,461	8,892	3,392	2,883	13,853	11,775
Office	75%	15,229	11,422	4,312	3,234	19,541	14,655
Industrial	60%	34,889	20,933	18,655	11,193	53,544	32,126
<b>TOTAL</b>		<b>180,950</b>	<b>91,486</b>	<b>160,058</b>	<b>63,381</b>	<b>341,008</b>	<b>154,867</b>
<b>TOTAL %</b>			<b>59%</b>		<b>41%</b>		<b>100%</b>

\* Harris County Flood Control District: Hydrology and Hydraulics Guidance Manual

Source: TischlerBise estimate of developed acres from housing units and employment data.

<sup>4</sup> Harris County Flood Control District: Hydrology and Hydraulics Guidance Manual.

<sup>5</sup> It should be noted that this is a high-level estimate to determine demand for flood control investment and not meant to be a comprehensive analysis of source of flood risk or Harris County investment in flood control projects. This type of evaluation, if desired, could be done as part of a Phase 2 Tax Equity Study.

## Tax Administration

Geography: Countywide

Allocation Methodology: Tax Administration Weighted Average

Tax Administration provides countywide services and includes several divisions. Each division is allocated to City of Houston or outside the City based on the services provided. For example, Automotive Division services are allocated based on vehicle counts in the City of Houston compared to the Remainder of the County. After each division is allocated, a weighted average is derived for the entire department. Two years of data are evaluated, and an average weighted distribution is derived.

Figure 11. Tax Administration Allocation

Divisions	Estimated Costs*	Allocation	City of Houston %	Remainder of County %	Total %	City of Houston \$	Remainder of County \$	Total \$
Administration	\$12,418,554	Indirect [1]	48.5%	51.5%	100.0%	\$6,028,320	\$6,390,234	\$12,418,554
Automotive Division	\$15,780,988	Vehicle Count [2]	47.6%	52.4%	100.0%	\$7,507,668	\$8,273,320	\$15,780,988
Property Tax	\$5,521,537	Value of Parcels [3]	50.9%	49.1%	100.0%	\$2,810,455	\$2,711,082	\$5,521,537
Voter Registration Division	\$2,467,580	Population [4]	49.5%	50.5%	100.0%	\$1,220,564	\$1,247,016	\$2,467,580
<b>TOTAL</b>	<b>\$36,188,659</b>					<b>\$17,567,008</b>	<b>\$18,621,651</b>	<b>\$36,188,659</b>
<b>Tax Admin Wtd Avg</b>						<b>48.5%</b>	<b>51.5%</b>	<b>100.0%</b>

\*Budget breakdown from: Harris County Dashboard, Dept. Profile Tax Assessor

[1] Distribution of direct costs

[2] U.S. Census, 2019: ACS 1-Year Estimates, Table B25046 (see supporting figure)

[3] Harris County Appraisal District; average of 2019 and 2020 Tax Years

[4] Texas Demographic Center, Estimates of the Total Populations of Counties and Places in Texas for July 1, 2019, and January 1, 2020

Supporting figures (vehicle count and parcel valuation) for Tax Administration divisions are provided below.

### Vehicle Counts

The U.S. Census provides estimates for number of vehicles by geography shown below in Figure 12. (Data from 2019 American Community Survey are the latest available.)

Figure 12. Vehicle Count

#### Vehicles

Year	Harris County	City of Houston (in Harris Co. only)	Remainder (Uninc. County plus Other Inc. Areas)
2019	2,971,163	1,413,505	1,557,658
<b>2019 Percent</b>	<b>100.0%</b>	<b>47.6%</b>	<b>52.4%</b>

Source: U.S. Census, 2019: ACS 1-Year Estimates, Table B25046



**Value of Parcels**

Real and personal property valuation is used to allocate expenditures for the Property Tax division. A weighted average is used from 2019 and 2020.

**Figure 13. Value of Parcels (Real and Personal Property 2019 and 2020)**

Jurisdiction	2020				Average
	Real Property	Personal Property	Total Value	% of County	
Harris County Total	\$435,659,103,038	\$67,407,212,854	\$503,066,315,892	100.0%	
City of Houston	\$231,596,396,432	\$26,554,227,736	\$258,150,624,168	51.3%	
County outside of Houston	\$204,062,706,606	\$40,852,985,118	\$244,915,691,724	48.7%	
Jurisdiction	2019				Average
	Real Property	Personal Property	Total Value	% of County	
Harris County Total	\$407,265,647,723	\$67,493,920,599	\$474,759,568,322	100.0%	<b>100.0%</b>
City of Houston	\$212,870,376,791	\$26,691,057,161	\$239,561,433,952	50.5%	<b>50.9%</b>
County outside of Houston	\$194,395,270,932	\$40,802,863,438	\$235,198,134,370	49.5%	<b>49.1%</b>

Source: Harris County Appraisal District

**Road and Bridges**

*Geography: Countywide*

*Allocation Methodology: Harris County Lane Miles Owned and Maintained in the City of Houston*

Harris County owns and maintains over 14,000 lane miles in the County, the majority of which are located outside the City of Houston. However, a portion of the inventory is located inside City boundaries where the County retains ownership and maintenance despite locations being annexed by the City of Houston (either full or limited purpose annexation). Harris County staff provided mapping and data on County lane miles located in the City of Houston, which are owned and maintained by the County. A summary is provided below. (See the Appendix for the source map.) (Note: Number of lane miles reflects linear/centerline miles multiplied by number of lanes on the roadway.)

**Figure 14. Harris County-Owned and Maintained Roads and Bridges inside City of Houston**

	<b>Lane Miles</b>
Total Harris County-Maintained Roads and Bridges*	14,062
Inside City of Houston (Full Annexation)	218
Inside City of Houston (Limited Purpose Annexation)	1,262
Subtotal inside City of Houston	1,480
<b>Percent of Harris County Roads inside City of Houston</b>	<b>11%</b>

\* Excludes tollroads and roads in other jurisdictions not maintained by Harris County

Source: Harris County

## Interest and Fiscal Charges

Geography: Countywide

Allocation Methodology: Calculated indirect cost allocation

Interest and fiscal charges reflect indirect costs in support of direct County services. The allocation percentage is derived from the subtotal of direct costs allocated to City of Houston and the Remainder of the County. Each fiscal year is calculated separately as the values vary.

**Figure 15. Indirect Cost Allocation FY2019**

Type of Expenditure	Net Expenditures \$	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL
Administration of Justice	\$1,053,194,242	42.5%	57.5%	100.0%	\$447,316,574	\$605,877,668	\$1,053,194,242
Parks	\$136,753,124	0.0%	100.0%	100.0%	\$0	\$136,753,124	\$136,753,124
County Administration	\$359,604,858	54.1%	45.9%	100.0%	\$194,462,191	\$165,142,667	\$359,604,858
Health and Human Services	\$149,451,953	49.5%	50.5%	100.0%	\$73,961,661	\$75,490,292	\$149,451,953
Flood Control	\$28,962,505	59.1%	40.9%	100.0%	\$17,109,277	\$11,853,228	\$28,962,505
Tax Administration	\$16,732,550	48.5%	51.5%	100.0%	\$8,122,457	\$8,610,093	\$16,732,550
Road and Bridges	\$152,066,789	10.5%	89.5%	100.0%	\$16,004,754	\$136,062,035	\$152,066,789
Subtotal without Interest and Fiscal Charges					\$756,976,914	\$1,139,789,107	\$1,896,766,021
<b>Indirect Percent Allocation</b>					<b>39.9%</b>	<b>60.1%</b>	<b>100.0%</b>

**Figure 16. Indirect Cost Allocation FY2020**

Type of Expenditure	Net Expenditures \$	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL
Administration of Justice	\$1,175,573,782	42.5%	57.5%	100.0%	\$499,294,068	\$676,279,714	\$1,175,573,782
Parks	\$134,843,120	0.0%	100.0%	100.0%	\$0	\$134,843,120	\$134,843,120
County Administration	\$345,603,637	54.1%	45.9%	100.0%	\$186,890,802	\$158,712,835	\$345,603,637
Health and Human Services	\$136,578,476	49.4%	50.6%	100.0%	\$67,523,695	\$69,054,781	\$136,578,476
Flood Control	\$132,862,212	59.1%	40.9%	100.0%	\$78,486,873	\$54,375,339	\$132,862,212
Tax Administration	\$20,907,638	48.5%	51.5%	100.0%	\$10,149,164	\$10,758,474	\$20,907,638
Road and Bridges	\$158,288,762	10.5%	89.5%	100.0%	\$16,659,605	\$141,629,157	\$158,288,762
Subtotal without Interest and Fiscal Charges					\$859,004,207	\$1,245,653,420	\$2,104,657,627
<b>Indirect Percent Allocation</b>					<b>40.8%</b>	<b>59.2%</b>	<b>100.0%</b>

## Hospital District

Geography: Countywide

Allocation Methodology: Average of Percent Population under 65 without Health Insurance and Percent below Poverty by Jurisdiction

The Harris County Hospital District (Harris Health System) is a countywide public healthcare system with its primary focus serving indigent and uninsured residents of the county. Cost allocation is based on an average of the estimated percent number of residents under the age of 65 without insurance and percent of County population below poverty by jurisdiction. The resulting share serves as a proxy for the population by jurisdiction served by the Hospital District.

Figure 17. Hospital District Allocation

	Harris County	City of Houston	Outside City of Houston
Population Estimate (ACS 1-Year, 2019)*	4,713,325	2,320,268	2,393,057
% 65 years and over*	10.9%	10.5%	
# 65 years and over	513,752	243,628	270,124
# under 65 years	4,199,573	2,076,640	2,122,933
Census Persons without health insurance, under age 65 years, %**	22.60%	25.40%	19.9%
# Persons under 65 without health insurance	949,103	527,467	421,637
<b>% Persons under 65 without Health Insurance by Jurisdiction</b>		<b>56%</b>	<b>44%</b>
	Harris County	City of Houston	Outside City of Houston
Population Estimate (ACS 5-Year, 2015-19)^	4,601,170	2,277,432	2,323,738
Number below Poverty^	722,792	456,815	265,977
% below Poverty	15.7%	20.1%	11.4%
<b>% below Poverty by Jurisdiction</b>		<b>63%</b>	<b>37%</b>
<b>AVERAGE OF UNINSURED (under 65) AND POVERTY %</b>		<b>60%</b>	<b>40%</b>

\* American Community Survey (ACS), 2019 ACS 1-Year Estimates Data Profiles, "Demographic and Housing Estimates"

\*\* U.S. Census Quick Facts, Harris County and City of Houston

^ ACS, 2015-2019 5-Year Estimates Data Profiles, "Poverty Status in the Past 12 Months"

## HARRIS COUNTY EXPENDITURES: SUMMARY

Detailed summaries of Harris County expenditure allocations are provided below for both fiscal years in the analysis.

Figure 18. Harris County Expenditures Summary FY2019

Type of Expenditure	Government Type	Activity Type	FY 2019 Actuals			Allocation Methodology	% by Jurisdiction			\$s by Jurisdiction		
			Total Exps \$	Offsetting Revs \$	Net Expenditures \$		CITY OF	OUTSIDE CITY	TOTAL	CITY OF	OUTSIDE CITY OF	TOTAL
							HOUSTON	OF HOUSTON		HOUSTON	HOUSTON	
Administration of Justice	Primary Government	Governmental Activities	\$1,316,001,030	\$262,806,788	\$1,053,194,242	Admin of Justice Wtd Avg	42.5%	57.5%	100.0%	\$447,316,574	\$605,877,668	\$1,053,194,242
Parks	Primary Government	Governmental Activities	\$139,468,400	\$2,715,276	\$136,753,124	Remainder of County	0.0%	100.0%	100.0%	\$0	\$136,753,124	\$136,753,124
County Administration	Primary Government	Governmental Activities	\$480,750,932	\$121,146,074	\$359,604,858	County Functional Population	54.1%	45.9%	100.0%	\$194,462,191	\$165,142,667	\$359,604,858
Health and Human Services	Primary Government	Governmental Activities	\$234,786,626	\$85,334,673	\$149,451,953	County Population	49.5%	50.5%	100.0%	\$73,961,661	\$75,490,292	\$149,451,953
Flood Control	Primary Government	Governmental Activities	\$154,162,579	\$125,200,074	\$28,962,505	Impervious Area	59.1%	40.9%	100.0%	\$17,109,277	\$11,853,228	\$28,962,505
Tax Administration	Primary Government	Governmental Activities	\$46,213,396	\$29,480,846	\$16,732,550	Tax Admin Wtd Avg	48.5%	51.5%	100.0%	\$8,122,457	\$8,610,093	\$16,732,550
Road and Bridges	Primary Government	Governmental Activities	\$402,486,666	\$250,419,877	\$152,066,789	Lane Miles	10.5%	89.5%	100.0%	\$16,004,754	\$136,062,035	\$152,066,789
Interest and Fiscal Charges	Primary Government	Governmental Activities	\$90,280,647	\$0	\$90,280,647	Indirect %	39.9%	60.1%	100.0%	\$36,029,940	\$54,250,707	\$90,280,647
<b>TOTAL \$</b>			<b>\$2,864,150,276</b>	<b>\$877,103,608</b>	<b>\$1,987,046,668</b>					<b>\$793,006,854</b>	<b>\$1,194,039,814</b>	<b>\$1,987,046,668</b>
<b>TOTAL %</b>										<b>39.9%</b>	<b>60.1%</b>	<b>100.0%</b>
Hospital District	Component unit	Component units	\$3,088,521,000	\$2,380,323,000	\$708,198,000	Health Estimated %	60.0%	40.0%	100.0%	\$424,918,800	\$283,279,200	\$708,198,000
<b>TOTAL %</b>										<b>60.0%</b>	<b>40.0%</b>	<b>100.0%</b>

Figure 19. Harris County Expenditures Summary FY2020

Type of Expenditure	Government Type	Activity Type	FY 2020 Actuals			Allocation Methodology	% by Jurisdiction			\$s by Jurisdiction		
			Total Exps \$	Offsetting Revs \$	Net		CITY OF	OUTSIDE CITY	TOTAL	CITY OF	OUTSIDE CITY OF	TOTAL
					Expenditures \$		HOUSTON	OF HOUSTON		HOUSTON	HOUSTON	
Administration of Justice	Primary Government	Governmental Activities	\$1,410,076,782	\$234,503,000	\$1,175,573,782	Admin of Justice Wtd Avg	42.5%	57.5%	100.0%	\$499,294,068	\$676,279,714	\$1,175,573,782
Parks	Primary Government	Governmental Activities	\$137,178,114	\$2,334,994	\$134,843,120	Remainder of County	0.0%	100.0%	100.0%	\$0	\$134,843,120	\$134,843,120
County Administration	Primary Government	Governmental Activities	\$566,568,579	\$220,964,942	\$345,603,637	County Functional Population & Employment	54.1%	45.9%	100.0%	\$186,890,802	\$158,712,835	\$345,603,637
Health and Human Services	Primary Government	Governmental Activities	\$274,825,594	\$138,247,118	\$136,578,476	County Population	49.4%	50.6%	100.0%	\$67,523,695	\$69,054,781	\$136,578,476
Flood Control	Primary Government	Governmental Activities	\$250,438,430	\$117,576,218	\$132,862,212	Impervious Area	59.1%	40.9%	100.0%	\$78,486,873	\$54,375,339	\$132,862,212
Tax Administration	Primary Government	Governmental Activities	\$50,382,537	\$29,474,899	\$20,907,638	Tax Admin Wtd Avg	48.5%	51.5%	100.0%	\$10,149,164	\$10,758,474	\$20,907,638
Road and Bridges	Primary Government	Governmental Activities	\$380,530,224	\$222,241,462	\$158,288,762	Lane Miles	10.5%	89.5%	100.0%	\$16,659,605	\$141,629,157	\$158,288,762
Interest and Fiscal Charges	Primary Government	Governmental Activities	\$83,701,629	\$0	\$83,701,629	Indirect %	40.8%	59.2%	100.0%	\$34,162,350	\$49,539,279	\$83,701,629
<b>TOTAL \$</b>			<b>\$3,153,701,889</b>	<b>\$965,342,633</b>	<b>\$2,188,359,256</b>					<b>\$893,166,557</b>	<b>\$1,295,192,699</b>	<b>\$2,188,359,256</b>
<b>TOTAL %</b>										<b>40.8%</b>	<b>59.2%</b>	<b>100.0%</b>
Hospital District	Component unit	Component units	\$3,343,263,000	\$2,642,634,000	\$700,629,000	Health Estimated %	60.0%	40.0%	100.0%	\$420,377,400	\$280,251,600	\$700,629,000
<b>TOTAL %</b>										<b>60.0%</b>	<b>40.0%</b>	<b>100.0%</b>

## HARRIS COUNTY REVENUES

The revenue analysis for the Tax Equity Study summarizes the value of real and personal property by geographic area. Key features include:

- An evaluation of the source of **property tax revenues only** (and not other sources of revenues).
- Inclusion of two tax years—2019 and 2020.
- Obtaining property (real and personal) tax valuation data from the Harris County Appraisal District (via the Kinder Institute) for Harris County and City of Houston Tax Districts.
- Splitting the tax base between the City of Houston and Outside the City of Houston.
- Using an equalized tax rate to calibrate (balance) total revenues to expenditures in the applicable tax year.<sup>6</sup>

Raw revenue is calculated first based on the value of the taxable property base for each geographic area and applicable fiscal year tax rates. General County and Flood Control tax rates include the maintenance and operations rate and the debt service rate.

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<sup>6</sup> An equalized tax rate is used that balances property tax revenues and estimated property-tax funded County expenditures. Raw revenue is estimated in this analysis using the respective area tax bases and County tax rates but does not reflect actual collections from the respective areas. This results in an estimated “surplus” over total estimated tax-funded expenditures. Because this is not necessarily a true surplus, tax revenues are balanced with a tax rate needed to cover total estimated tax-funded expenditures. This fully allocates revenues and expenditures to each geographic area to derive the percentage share of revenues and expenditures from each area.

Figure 20. Revenue Allocation Tax Year 2019

TAX YEAR 2019			
	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL
<b>TAXABLE PROPERTY BASE</b>			
Real Property Tax Base	\$212,870,376,791	\$194,395,270,932	\$407,265,647,723
Personal Property Tax Base	\$26,691,057,161	\$40,802,863,438	\$67,493,920,599
<b>Total Property Tax Base</b>	<b>\$239,561,433,952</b>	<b>\$235,198,134,370</b>	<b>\$474,759,568,322</b>
<b>% Property Tax Base Allocation</b>	<b>50.5%</b>	<b>49.5%</b>	<b>100.0%</b>
<b>GOVERNMENTAL ACTIVITIES</b>			
<i>FY19 Tax Rate</i>	<i>General County</i>	<i>0.40713</i>	<i>0.40713</i>
Raw Revenue Estimate	\$975,326,466	\$957,562,164	\$1,932,888,631
<i>FY19 Tax Rate</i>	<i>Flood Control</i>	<i>0.02792</i>	<i>0.02792</i>
Raw Revenue Estimate	\$66,885,552	\$65,667,319	\$132,552,871
<b>Total Raw Revenue Estimate</b>	<b>\$1,042,212,018</b>	<b>\$1,023,229,484</b>	<b>\$2,065,441,502</b>
<b>% Revenue Allocation</b>	<b>50.5%</b>	<b>49.5%</b>	<b>100.0%</b>
<b>COMPONENT UNIT: HOSPITAL DISTRICT</b>			
<i>FY19 County Tax Rate</i>	<i>Hospital District</i>	<i>0.16591</i>	<i>0.16591</i>
Total Raw Revenue Estimate	\$397,456,375	\$390,217,225	\$787,673,600
<b>% Revenue Allocation</b>	<b>50.5%</b>	<b>49.5%</b>	<b>100.0%</b>

Source: Harris County Appraisal District (via Kinder Institute); Harris County Tax Assessor-Collector

Figure 21. Revenue Allocation Tax Year 2020

TAX YEAR 2020			
	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL
<b>TAXABLE PROPERTY BASE</b>			
Real Property Tax Base	\$231,596,396,432	\$204,062,706,606	\$435,659,103,038
Personal Property Tax Base	\$26,554,227,736	\$40,852,985,118	\$67,407,212,854
<b>Total Property Tax Base</b>	<b>\$258,150,624,168</b>	<b>\$244,915,691,724</b>	<b>\$503,066,315,892</b>
<b>% Property Tax Base Allocation</b>	<b>51.3%</b>	<b>48.7%</b>	<b>100.0%</b>
<b>GOVERNMENTAL ACTIVITIES</b>			
<i>FY20 Tax Rate</i>	<i>County</i>	<i>0.39116</i>	<i>0.39116</i>
Raw Revenue Estimate	\$1,009,781,981	\$958,012,220	\$1,967,794,201
<i>FY20 Tax Rate</i>	<i>Flood Control</i>	<i>0.03142</i>	<i>0.03142</i>
Raw Revenue Estimate	\$81,110,926	\$76,952,510	\$158,063,436
<b>Total Raw Revenue Estimate</b>	<b>\$1,090,892,908</b>	<b>\$1,034,964,730</b>	<b>\$2,125,857,638</b>
<b>% Revenue Allocation</b>	<b>51.3%</b>	<b>48.7%</b>	<b>100.0%</b>
<b>COMPONENT UNIT: HOSPITAL DISTRICT</b>			
<i>FY20 County Tax Rate</i>	<i>Hospital District</i>	<i>0.16671</i>	<i>0.16671</i>
Total Raw Revenue Estimate	\$430,362,906	\$408,298,950	\$838,661,855
<b>% Revenue Allocation</b>	<b>51.3%</b>	<b>48.7%</b>	<b>100.0%</b>

Source: Harris County Appraisal District (via Kinder Institute); Harris County Tax Assessor-Collector



## Tax Equity Findings

Given the above cost and revenue allocation assumptions and findings, the analysis finds that the City of Houston contributes more property tax revenues to Harris County than it consumes in Primary Governmental County services. For the Hospital District, the City of Houston is estimated to consume more in services than it contributes.

### Fiscal Year 2019

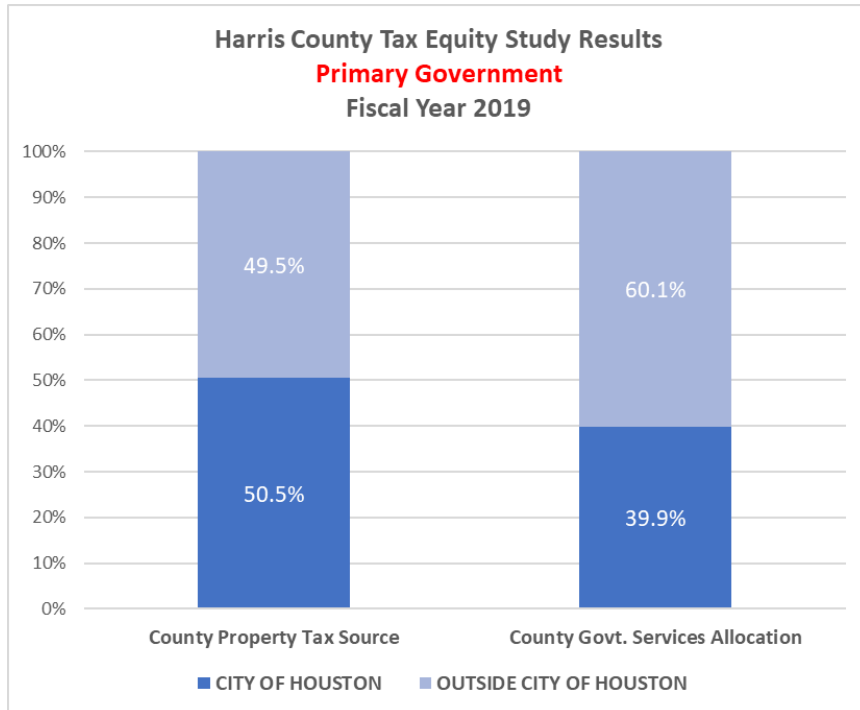
#### Primary Government Services

For Primary Government Services, the City of Houston contributed approximately half of total County property tax revenue and consumed approximately 40 percent of the costs for County primary government services. In other words, it is estimated that the City of Houston contributes more property tax revenue compared to the cost of County services provided in the City of Houston. The resulting difference is approximately \$210 million more in property tax revenue from the City than is consumed in County services. The below figures summarize the findings.

Figure 22. Tax Equity Findings: Primary Government Services FY2019 (Table) (in \$ Millions)

FISCAL YEAR 2019				
	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL	
<b>TAXABLE PROPERTY BASE</b>				
Real Property Tax Base (\$Millions)	\$212,870	\$194,395	\$407,266	
Personal Property Tax Base (\$Millions)	\$26,691	\$40,803	\$67,494	
<b>Total Property Tax Base (\$Millions)</b>	<b>\$239,561</b>	<b>\$235,198</b>	<b>\$474,760</b>	
<b>% Property Tax Base Allocation</b>	<b>50.5%</b>	<b>49.5%</b>	<b>100.0%</b>	
<b>GOVERNMENTAL ACTIVITIES</b>				
<i>FY19 Tax Rate</i>	<i>General County</i>	<i>0.40713</i>	<i>0.40713</i>	
Raw Revenue Estimate (\$Millions)	\$975	\$958	\$1,933	
<i>FY19 Tax Rate</i>	<i>Flood Control</i>	<i>0.02792</i>	<i>0.02792</i>	
Raw Revenue Estimate (\$Millions)	\$67	\$66	\$133	
<b>Total Raw Revenue Estimate (\$Millions)</b>	<b>\$1,042</b>	<b>\$1,023</b>	<b>\$2,065</b>	
<b>% Revenue Allocation</b>	<b>50.5%</b>	<b>49.5%</b>	<b>100.0%</b>	
<b>Total Expenditures [see figures] (\$Millions)</b>	<b>\$793</b>	<b>\$1,194</b>	<b>\$1,987</b>	
<b>% Expenditure Allocation</b>	<b>39.9%</b>	<b>60.1%</b>	<b>100.0%</b>	
<i>Rate Needed to Cover Expenses (Equalized Rate)</i>	<i>0.41854</i>			
<b>Total Estd Revenue on Equalized Rate (\$Millions)</b>	<b>\$1,003</b>	<b>\$984</b>	<b>\$1,987</b>	
<b>% Revenue Allocation</b>	<b>50.5%</b>	<b>49.5%</b>	<b>100.0%</b>	
PRIM. GOVT.	<b>Differential (\$Millions)</b>	<b>\$210</b>	<b>(\$210)</b>	<b>\$0</b>
	<b>% Differential</b>	<b>10.6%</b>	<b>-10.6%</b>	

Figure 23. Tax Equity Findings: Primary Government Services FY2019 (Chart)



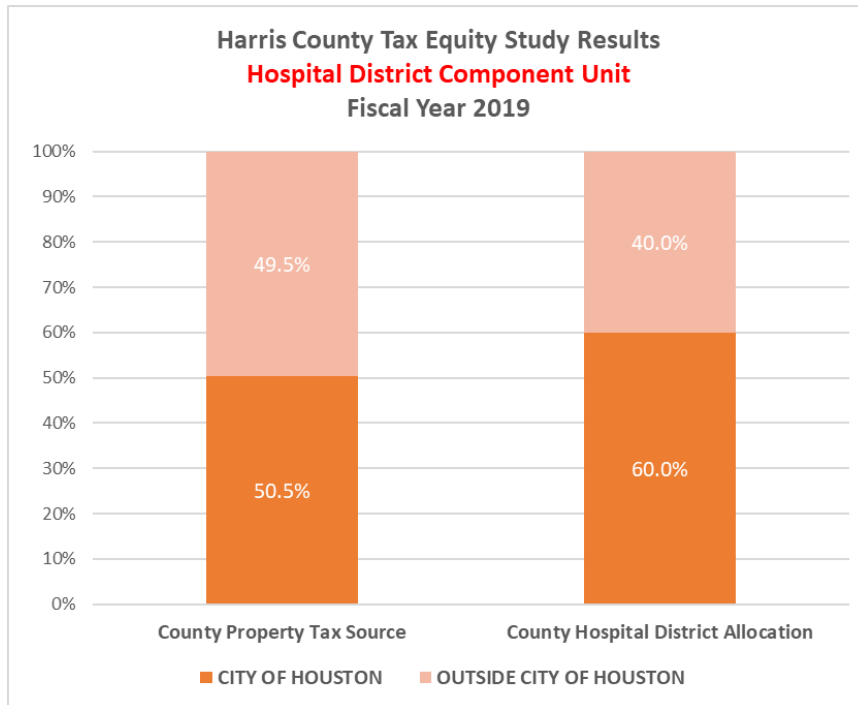
**Hospital District**

The evaluation of the Hospital District found the opposite with a higher percentage of services allocated to the City of Houston than property tax revenues generated from the City. The calculated differential is \$68 million more in services consumed by the City of Houston than revenues generated. Detail is provided in the following figures.

Figure 24. Tax Equity Findings: Hospital District FY2019 (Table) (in \$ Millions)

	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL	
<b>COMPONENT UNIT: HOSPITAL DISTRICT</b>				
<i>FY19 County Tax Rate</i> <i>Hospital District</i>	0.16591	0.16591		
Total Raw Revenue Estimate (\$Millions)	\$397	\$390	\$788	
<b>% Revenue Allocation</b>	<b>50.5%</b>	<b>49.5%</b>	<b>100.0%</b>	
<b>Total Expenditures [see figures] (\$Millions)</b>	<b>\$425</b>	<b>\$283</b>	<b>\$708</b>	
<b>% Expenditure Allocation</b>	<b>60.0%</b>	<b>40.0%</b>	<b>100.0%</b>	
<i>Rate Needed to Cover Expenses (Equalized Rate)</i>	0.14917			
<b>Total Estd Revenue on Equalized Rate (\$Millions)</b>	<b>\$357</b>	<b>\$351</b>	<b>\$708</b>	
<b>% Revenue Allocation</b>	<b>50.5%</b>	<b>49.5%</b>	<b>100.0%</b>	
<b>COMP. UNIT</b>	<b>Differential (\$Millions)</b>	<b>(\$68)</b>	<b>\$68</b>	<b>\$0</b>
	<b>% Differential</b>	<b>-9.5%</b>	<b>9.5%</b>	

Figure 25. Tax Equity Findings: Hospital District FY2019 (Chart)



**Grand Total**

Combined, the estimated amount of contribution from the City of Houston in excess of the cost of services is \$142 million, or a little over 5 percent of total property-tax funded expenditures.

**Figure 26. Tax Equity Findings: Grand Total FY2019 (Table) (in \$ Millions)**

FISCAL YEAR 2019			
	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL
<b>GRAND TOTAL</b>			
Total Expenditures (\$Millions)	\$1,218	\$1,477	\$2,695
% Expenditure Allocation	45.2%	54.8%	100.0%
Total Estd Revenue on Equalized Rate (\$Millions)	\$1,360	\$1,335	\$2,695
% Revenue Allocation	50.5%	49.5%	100.0%
<b>GRAND TOTAL</b>			
Differential (\$Millions)	\$142	(\$142)	\$0
% Differential (\$ Differential / Total Exps)	5.3%	-5.3%	

## Fiscal Year 2020

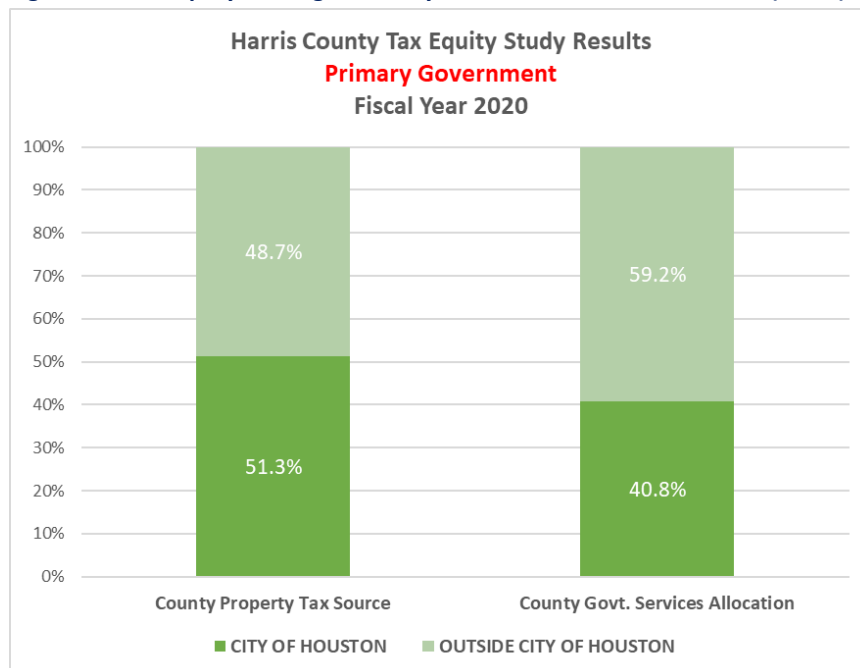
### Primary Government Services

For Primary Government Services in FY2020, we found the same pattern as in FY2019. The City of Houston contributed just over 51 percent of total County property tax revenue and consumed approximately 41 percent of the costs for County government services. In other words, the evaluation found that in FY2020, the City of Houston continued to contribute more property tax revenue than it costs the County to provide services funded with property tax revenues. The difference is approximately \$230 million more in property tax revenue from the City than is consumed in County services. The below figures summarize the findings.

Figure 27. Tax Equity Findings: Primary Government Services FY2020 (in \$ Millions)

FISCAL YEAR 2020				
	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL	
<b>TAXABLE PROPERTY BASE</b>				
Real Property Tax Base (\$Millions)	\$231,596	\$204,063	\$435,659	
Personal Property Tax Base (\$Millions)	\$26,554	\$40,853	\$67,407	
<b>Total Property Tax Base (\$Millions)</b>	<b>\$258,151</b>	<b>\$244,916</b>	<b>\$503,066</b>	
<b>% Property Tax Base Allocation</b>	<b>51.3%</b>	<b>48.7%</b>	<b>100.0%</b>	
<b>GOVERNMENTAL ACTIVITIES</b>				
<i>FY20 Tax Rate</i> County	0.39116	0.39116		
Raw Revenue Estimate (\$Millions)	\$1,010	\$958	\$1,968	
<i>FY20 Tax Rate</i> Flood Control	0.03142	0.03142		
Raw Revenue Estimate (\$Millions)	\$81	\$77	\$158	
<b>Total Raw Revenue Estimate (\$Millions)</b>	<b>\$1,091</b>	<b>\$1,035</b>	<b>\$2,126</b>	
<b>% Revenue Allocation</b>	<b>51.3%</b>	<b>48.7%</b>	<b>100.0%</b>	
<b>Total Expenditures [see figures] (\$Millions)</b>	<b>\$893</b>	<b>\$1,295</b>	<b>\$2,188</b>	
<b>% Expenditure Allocation</b>	<b>40.8%</b>	<b>59.2%</b>	<b>100.0%</b>	
<i>Rate Needed to Cover Expenses (Equalized Rate)</i>	0.435004131			
<b>Total Estd Revenue on Equalized Rate (\$Millions)</b>	<b>\$1,123</b>	<b>\$1,065</b>	<b>\$2,188</b>	
<b>% Revenue Allocation</b>	<b>51.3%</b>	<b>48.7%</b>	<b>100.0%</b>	
PRIM. GOVT.	<b>Differential (\$Millions)</b>	<b>\$230</b>	<b>(\$230)</b>	<b>\$0</b>
	<b>% Differential</b>	<b>10.5%</b>	<b>-10.5%</b>	

Figure 28. Tax Equity Findings: Primary Government Services FY2020 (Chart)



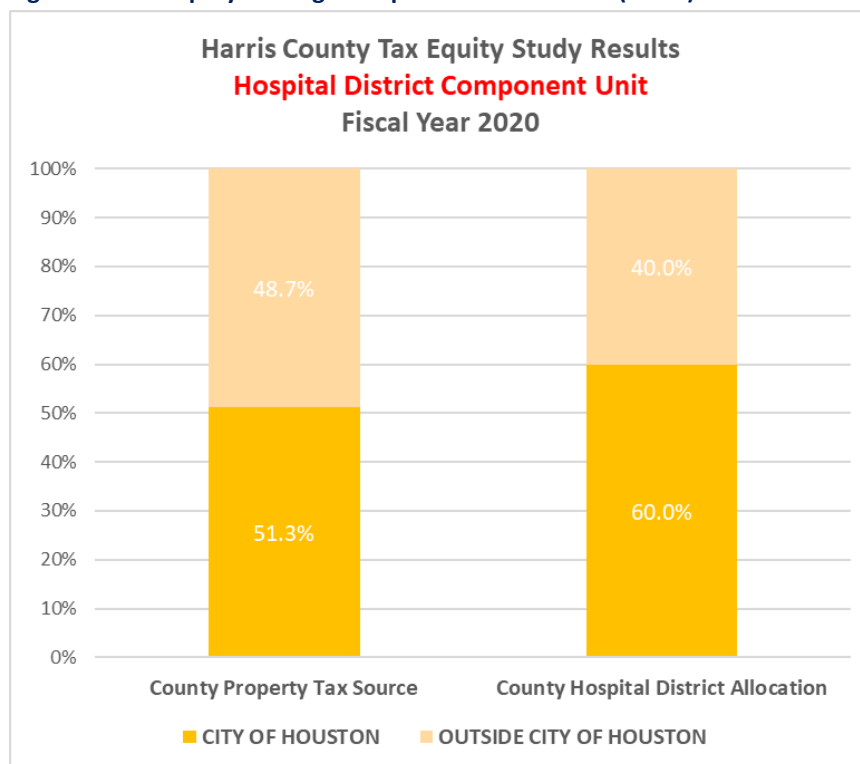
### Hospital District

The evaluation of the Hospital District for FY2020 found the same result as FY2019—that is, a higher percentage of services allocated to the City of Houston than property tax revenues generated from the City.

Figure 29. Tax Equity Findings: Hospital District FY2020 (Table) (in \$ Millions)

	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL	
<b>COMPONENT UNIT: HOSPITAL DISTRICT</b>				
<i>FY20 County Tax Rate</i>	<i>Hospital District</i>	0.16671	0.16671	
Total Raw Revenue Estimate (\$Millions)	\$430	\$408	\$839	
<b>% Revenue Allocation</b>	<b>51.3%</b>	<b>48.7%</b>	<b>100.0%</b>	
Total Expenditures [see figures] (\$Millions)	\$420	\$280	\$701	
<b>% Expenditure Allocation</b>	<b>60.0%</b>	<b>40.0%</b>	<b>100.0%</b>	
<i>Rate Needed to Cover Expenses (Equalized Rate)</i>	0.13927			
Total Estd Revenue on Equalized Rate (\$Millions)	\$360	\$341	\$701	
<b>% Revenue Allocation</b>	<b>51.3%</b>	<b>48.7%</b>	<b>100.0%</b>	
<b>COMP. UNIT</b>	<b>Differential (\$Millions)</b>	<b>(\$61)</b>	<b>\$61</b>	<b>\$0</b>
	<b>% Differential</b>	<b>-9%</b>	<b>9%</b>	

Figure 30. Tax Equity Findings: Hospital District FY2020 (Chart)



### Grand Total

Combined, the estimated amount of contribution from the City of Houston in excess of the cost of services is \$169 million, or almost 6 percent of total property-tax funded expenditures.

Figure 31. Tax Equity Findings: Grand Total FY2020 (Table) (in \$ Millions)

FISCAL YEAR 2020			
	CITY OF HOUSTON	OUTSIDE CITY OF HOUSTON	TOTAL
<b>GRAND TOTAL</b>			
Total Expenditures (\$Millions)	\$1,314	\$1,575	\$2,889
% Expenditure Allocation	45.5%	54.5%	100.0%
Total Estd Revenue on Equalized Rate (\$Millions)	\$1,482	\$1,406	\$2,889
% Revenue Allocation	51.3%	48.7%	100.0%
<b>GRAND TOTAL</b>			
Differential (\$Millions)	\$169	(\$169)	\$0
% Differential	5.8%	-5.8%	



## Appendix. Harris County-Maintained Roads and Bridges

**HARRIS COUNTY-MAINTAINED ROADS AND BRIDGES**  
(Excluding Tollroads and Roads in Other Jurisdictions Not Maintained by the County)

