

Texas Special Districts



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Texas Special Districts Coalition

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More than a Century of Local Solutions



Texas Special Districts Coalition

THE HEARTBEAT OF LOCAL COMMUNITIES



Texas is growing. Every year, new neighborhoods emerge, communities expand, and demands on public infrastructure continue to increase. Behind much of that growth, over 3,300 special districts quietly provide the essential services millions of Texans rely upon daily. From water and wastewater treatment to flood control, emergency services, libraries, ports, hospitals, and groundwater conservation, special districts have become one of the most common—and least understood—forms of local government. Operating in all but one of Texas' 254 counties, special districts make communities possible through innovation, local control, and stewardship. As Texas continues to experience unprecedented growth, understanding these districts has never been more important.



These special districts have a Texas-size story to share—especially as Congress considers the bipartisan Special District Fairness and Accessibility Act (H.R. 2766/S. 2014). Introduced by Representative Pat Fallon (R-TX), Representative Brittany Pettersen (D-CO), Senator John Cornyn (R-TX), and Senator Jeff Merkley (D-OR), the legislation would establish the first formal federal definition of "special district" and direct federal agencies to recognize special districts as units of local government for purposes of federal financial assistance. In March 2026, H.R. 2766 was approved by the House Committee on Oversight and Government Reform with a bipartisan vote of 32-8 and awaits consideration by the full House of Representatives. If enacted, the legislation would help ensure that special districts are appropriately included in federal programs and funding opportunities.



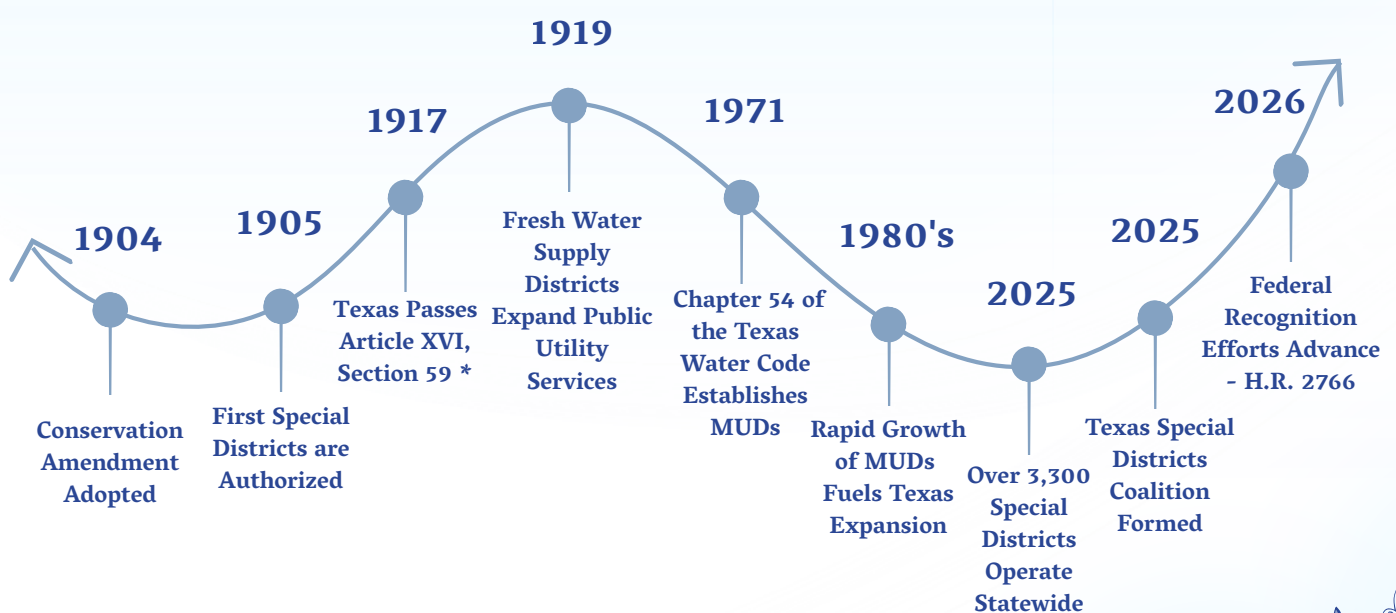
EVOLUTION OF TEXAS SPECIAL DISTRICTS



Special districts are not a new concept. In fact, some of Texas' earliest districts were **established more than a century ago to address local needs** that cities and counties were unable or unwilling to provide. Over time, Texans recognized that certain services are best delivered by focused governmental entities with dedicated funding sources and specialized expertise. Today, special districts range from small rural entities serving a few hundred residents to large districts serving populations that rival major cities. Regardless of size, each district shares a common purpose: **providing public services closer to the people who depend upon them.**

The history of Texas special districts begins in the **1890s** as Texas began creating its earliest special-purpose governmental entities to support navigation, drainage, and irrigation projects, allowing communities to address infrastructure needs that counties and cities could not adequately fund or manage. These districts **laid the foundation for the modern special district system**, which took off after the first special districts were authorized in 1905.

A Timeline of Texas' Special District History



BY THE NUMBERS



According to the U.S. Census Bureau and Texas Comptroller of Public Accounts:

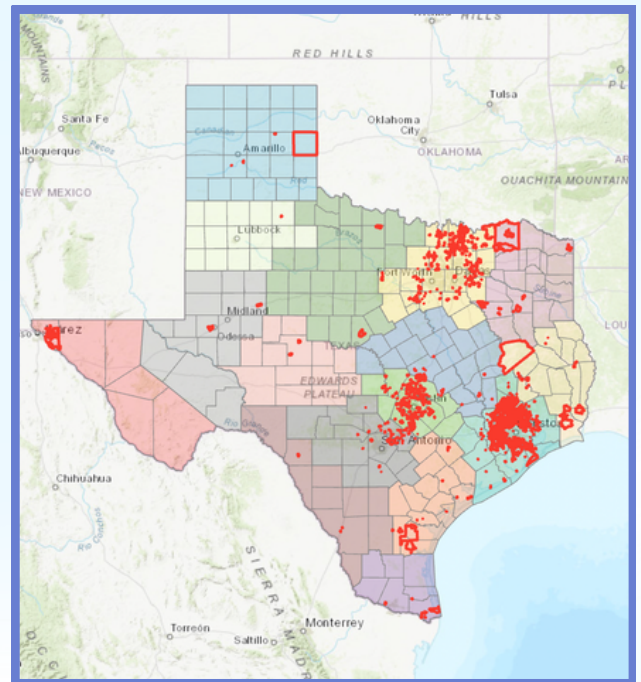
- Texas has **over 3,300** special districts across **all but one** Texas county
- Texas ranks **third in the nation** for the number of special districts
- Special districts provide a large share of Texas' local governmental services
- Many districts rely on a combination of property taxes, user fees, assessments, and sales taxes to fund operations and infrastructure.

Despite their significance, many Texans are unaware that special districts exist or that they are responsible for delivering the services many depend upon daily.

Houston Depends on Special Districts- Especially for Water Resources

Approximately one-third of Texas' special districts are located within the Greater Houston region, making it one of the nation's most district-dependent metropolitan areas.

Texas special districts are established through various statutory processes, including legislative action, voter approval, local petitions, or, for certain district types, authorization by the Texas Commission on Environmental Quality (TCEQ). Water-related districts represent the largest category of special districts in Texas, with Municipal Utility Districts (MUDs) being the most prevalent type. Particularly prominent in the Greater Houston region, MUDs have provided water, wastewater, drainage, recreation, and roads to Texas communities for more than half a century, reflecting a uniquely Texas approach to meeting local needs through local solutions.



- Municipal Utility Districts (MUDs)
- Houston Metro Area



THE FORMATION OF THE TEXAS SPECIAL DISTRICTS COALITION



Meet the Founding Members



Clay Avery

SAFE-D

Chris Boyd

MUSTANG SPECIAL UTILITY
DISTRICT

Erica Richardson

BENBROOK LIBRARY DISTRICT

Jonathan Roach

ROACH & ASSOCIATES, PLLC.



Recognizing the importance of collaboration and education, leaders representing multiple sectors of Texas special district government came together in 2025 to establish the Texas Special Districts Coalition ("TSDC"). Founding members included representatives from:

- Emergency Services Districts
- Municipal Utility Districts
- Water Control and Improvement Districts
- Special Utility Districts
- Library Districts



TSDC was formed to promote awareness, strengthen communication among districts, and provide a unified voice regarding issues affecting Texas' special district community.

Through collaboration and education, TSDC seeks to ensure policymakers and the public better understand the critical role special districts play in supporting Texas communities.



THE HIDDEN INFRASTRUCTURE BEHIND THE HOUSTON METRO



MUDs are the powerhouse special districts in the Houston Metro Area, most often providing water and wastewater utilities for communities' establishment and development. The role and importance of MUD services have increasingly expanded to now include stormwater drainage, park and recreation, roads, and in some cases even fire fighting services. The U.S. Census Bureau classifies most of these districts as “multifunction districts,” which is an overly broad and inconsistent category that gives district data experts a headache. The vast majority of special districts providing services in Fort Bend and Harris Counties fall under this category.



Beyond MUDs, the significance of special districts providing water utilities, conservation/management, and drainage in the region cannot be understated. The Houston Metro depends on special districts to provide these services at a rate far greater than the rest of Texas and most of the country.

According to Texas Comptroller data for the 2023 tax year, nearly 90 percent of the special districts providing public services in the Houston area provide water resources. That figure is closer to 60 percent for all of Texas' special districts including municipal water, conservation, flood control, sewer, and irrigation.



FIRE & EMERGENCY SERVICES ACROSS TEXAS COMMUNITIES



Special districts do more than provide water. According to the State Association of Fire and Emergency Districts (SAFE-D), more than eight million Texans depend upon Emergency Services Districts (ESDs) for fire protection and emergency medical services. The 2022 Census of Governments reported 264 special districts providing local fire protection service in Texas.

More than half of the reported ESDs provide services in Texas' three major metro areas, yet these districts are particularly important in unincorporated and rapidly developing areas where traditional municipal services may not be available. Emergency Services Districts provide communities with locally controlled emergency response capabilities while remaining accountable to the voters they serve.



SPECIAL DISTRICTS SERVE EFFICIENTLY



Special districts often provide highly specialized services with relatively limited revenue sources. Many districts rely primarily on property taxes, user fees, sales tax, and assessments. Because revenue sources are often narrow, changes in state law affecting taxation, debt issuance, elections, or regulatory requirements can have significant impacts on special districts' ability to provide services. Yet districts continue to demonstrate that focused governmental entities can deliver essential services efficiently and effectively. According to an analysis of 2022 Census of Governments financial data, Texas special districts account for approximately **4.4% of all property taxes collected statewide** while providing a significant share of non-education local governmental services.

The Impact of Property Tax Policy

Special districts' piece of the statewide property tax pie increases to 10.1% when property tax allocations to school districts are removed from the equation. The 2017 Census estimated special districts provided **one-fifth of local non-education government services** – a sign that districts can provide robust services on a smaller revenue base with few additional funding sources. This is why small tweaks to property tax policies from the state legislature can have a large impact on special districts.

Currently, legislation addressing property taxes in Texas – the **seventh highest in the nation for local property tax valuation** – is focused on schools. For example, TX SB 4 (Bettencourt) was signed into law on June 16, 2025, increasing the homestead exemption for from \$100,000 to \$140,000 (\$200,000 for seniors and disabled homeowners), with state revenue backfilling school district losses. Voters ratified the change via constitutional amendment in November 2025.

Now, more than ever, it is important for Texas' special districts to have a unified front in their state capitol, and to tell their collective story – to unite, strengthen, and advance the state's 3,300 special districts.



TRANSPARENCY, ACCOUNTABILITY, AND DEDICATED PUBLIC SERVICE



Special districts are **accountable to the taxpayers and residents they serve**. Beyond general state and federal regulations, Texas special districts are subject to the Texas Open Meetings Act, the Texas Public Information Act, annual financial reporting requirements, tax rate transparency and bond approval requirements, and election/campaign finance laws.

Information regarding district elections, finances, tax rates, and debt is publicly available through the **Texas Comptroller's Special Purpose District Public Information Database** and other state transparency tools.

Libraries, Hospitals, Ports, and More



Special districts provide much more than utility and emergency services. Hospital districts deliver healthcare services to communities across Texas. Library districts expand access to educational resources and technology. Port districts support commerce and economic growth. Parks and recreation districts aim to enhance quality of life. Crime control and prevention districts provide additional public safety resources.

Despite differences in practice, each type of special district reflects the same principle: **local communities** are best positioned to provide **informed, specialized, and efficient public services**.



THE IMPORTANCE OF DATA-BASED STORYTELLING FOR ADVOCACY EFFORTS



Texas is expected to continue growing for decades to come. Meeting the demands associated with that growth will require continued investment in infrastructure, public safety, water resources, healthcare, transportation, and other public services. The Texas Special Districts Coalition offers a new page to write the special districts story and secure a positive place in the minds of Texas policymakers. TSDC has partnered with the National Special Districts Association to create accurate talking points for introducing the Texas special district sector of government, as a whole, to policymakers and identify key trends in revenues and finance.



From Texas and beyond, elevating awareness and telling the story of special districts' services to their communities at all levels of government (county, regional, state, and federal) is critical. Their story is one of innovation. Their story is one of stewardship. Their story is one of local solutions. Most importantly, their story is a Texas story. And it is one worth telling.

