

Municipal Utility District (MUD)

Municipal Utility District is a political subdivision, usually outside of city limits, organized to provide water and sewer facilities for homes using bonds to pay for the facilities. Homeowners then pay a MUD tax to pay off the debt.

A MUDs primary function is to finance, purchase, construct, operate and maintain improvements, facilities and plants necessary for:

- (1) The supply and distribution of water
- (2) The collection, transportation and treatment of waster water
- (3) The control and diversion of storm water.

MUDS are empowered to issue bonds and other forms of indebtedness to purchase or construct these facilities.

Municipal Utility Districts may also be authorized to annex property into the district, serve properties outside of the district, enter into contracts and provide fire protection, policing, waste hauling service and recreational services.

NO STATE INCOME TAX IN TEXAS

Texas does not have a state income tax, so the burden to pay for schools, roads and other amenities falls upon the taxpayer. MUD taxes are only one of the entities of assessment that homeowners pay in the greater Houston Area and they differ according to location.

The good news is that according to the Bureau of Economics is that Texas rates #43 in overall tax burden as a percentage of income!

Below is an example of Tax Rates per \$100 for a property in a MUD District assessed at \$109,000.

Tax Entity/Collector	Tax Rate (per \$100.00)	Bonds Authorized	Bonds Issued	Estimated Tax (before exemptions)
CORNERSTONE MUD	0.38000000	\$22,545,000.00	\$16,080,000.00	\$426.30
HARRIS CO	0.38923000			\$436.65
HARRIS CO DPT EDUC	0.00584000			\$6.55
HARRIS CO ESD 48	0.08000000			\$89.75
HARRIS CO FLOOD CONTRL	0.03086000			\$34.62
HARRIS CO HOSPITAL	0.19216000			\$215.57
KATY ISD	1.52660000			\$1,712.60
PORT OF HOUSTON AUTH	0.01773000			\$19.89
Total:	2.62242000	\$22,545,000.00	\$16,080,000.00	\$2,941.94