



## Municipal Utility Districts

### What is a MUD?

A Municipal Utility District, or "MUD", is a political subdivision of the State of Texas operated by a publicly elected Board of Directors, which is created to provide infrastructure and services such as water, sewer and stormwater drainage in areas where city services are not available.

Are there benefits to a MUD?

MUDs are a very common way in Texas for new communities to be developed in areas where city services are not yet available. MUDs have contributed greatly to the affordability of new homes in Texas and to the state's dynamic growth rate.

How are the Fees Calculated?

MUDs are typically financed through the sale of revenue bonds, which are paid off by the taxes and user fees which are levied on residential and commercial property located in the MUD.

How is the MUD Tax Paid?

The MUD tax is included in the annual property tax bill received by homeowners. If your taxes are escrowed, the MUD tax will be part of your monthly payment.

Does the MUD tax Include my Monthly Water & Sewer fees?

No, the MUD tax only pays for the cost of installing and operating the infrastructure, such as providing clean water and disposing of wastewater. Your monthly usage fee is billed just like any other utility bill.

Are MUDs Permanent?

As a community grows, MUD tax rates typically decline as operating and debt service costs are shared by more homeowners. In some cases, such as when an area is annexed by a surrounding municipality, the MUD is dissolved.