



Member Organizations

Act Now Comal
Alamo, Austin, and Lone Star chapters of the Sierra Club
ARK Ecological Consulting
Belton and Surrounding Neighbors
Bexar Audubon Society
Bexar and Travis-Austin Green Parties
Bexar Grotto
Bulverde Neighborhood Alliance
Bulverde Neighborhoods for Clean Water
Cibola Center for Conservation
Citizens for the Protection of Cibola Creek
Coalition for Responsible Aggregate Mining (CREAM)
Comal Conservation
Comfort Neighbors
Congregation for Divine Providence
Conservation Society of San Antonio
Dry Comal Creek Neighbors
Environment Texas
First Universalist Unitarian Church of SA
Fischer Neighbors
Fitzhugh Neighbors
Friends of Canyon Lake
Friends of Castroville Regional Park
Friends of Government Canyon
Fuerza Unida
Green Society of UTSA
Hays Residents for Land & Water Protection
Headwaters at Incarnate Word
Helotes Heritage Association
Hill Country Alliance
Kendall County Well Owners Association
Kerr County Water Alliance
Las Moras Springs Association
Llano River Watershed Alliance
Mystic Shores Neighbors
Native Plant Society of Texas – SA & NB
Northwest Interstate Coalition of Neighborhoods
Pedernales River Alliance – Gillespie Co.
Preserve Castroville
Preserve Lake Dunlop Association
Preserve Our Hill Country Environment
River Aid San Antonio
San Marcos Greenbelt Alliance
San Marcos River Foundation
Save Our Springs Alliance
Save Salado Creek
Save Texas Streams
Scenic Loop/Helotes Creek Alliance
SEED Coalition
Signal Hill Area Alliance
Texans for Environmental Awareness
Texas Cave Management Association
Trinity Edwards Spring Protection Assoc.
Water Aid – Texas State University
Watershed Association
Wildlife Rescue & Rehabilitation

July 16, 2026

The Honorable Gary Gates, Chairman
The Honorable Suleman Lalani, Vice-Chair
The Honorable Members Alders, Davis, Hinojosa, Hunter, Lopez, Morgan, Virdell

Re: Municipal Utility Districts

The [Greater Edwards Aquifer Alliance](#) (GEAA) appreciates the opportunity to submit these comments on behalf of our 59 member groups that are allied in advocacy for the preservation of our ground and surface water resources in 21 counties within Central and South Texas. We work in this field to ensure the protection of the health, safety, and welfare of all those who rely on these sources of water.

Introduction

The Edwards and Trinity Aquifer supply over 2 million people in Texas with water and underpin many local economies. These two aquifers are porous karst limestone aquifers that are highly susceptible to drought and, because of the rapid flow of waters within the systems,¹ to contamination. Over the past quarter century, the Edwards and Trinity aquifers have both frequently been in emergency drought stages, and in early 2026, both reached their lowest level since 1990.

The Edwards and Trinity aquifer region – i.e., the Texas Hill Country – is frequently under Exceptional Drought conditions, long-term rainfall forecasts predict below normal conditions, evaporation forecasts predict high rates of evaporative loss, and “thousands of groundwater wells...have seen a drop in their water levels”.^{2,3} Texas faces a very real possibility of a severe water shortage in certain parts of the state by 2030 and a large state-wide water deficit by 2070. Water supplies in counties that rely on the aquifers are facing unprecedented demand; in Comal County, Texas Water Company recently had to deny service to nine developments due to a lack of water supply.

Municipal Utility Districts (MUDs)⁴ have proliferated in the Edwards Aquifer region over the past few decades, and they are rapidly reshaping development in the Hill Country and along the I-35 corridor.⁵ MUDs have been shown to, in some instances, use far more water than users within city limits⁶ and often have wastewater and flooding impacts that place undue burdens on host communities. Many of the costs associated with MUDs end up imposed on municipal and county governments and taxpayers. And at the end of the day, MUDs are often far less affordable than the selling prices of the homes within them may make them appear – their affordability is often an illusion.⁷

Municipal Utility District Development Concerns

MUDs are often the result of little public input. In the very early stages of a MUD's existence, especially when no development has occurred and thus few and often

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only nominal residents live there, the ability to vote in an election to solidify its creation would likely be held by the property owners within the proposed MUD boundaries. In some instances, this may only be one or a few voters, and questions have occasionally arisen surrounding the validity of those elections.⁸

It is the “developers – not the general public – [who] determine when MUDs are formed, how big they are, and who governs initially.”⁹ Even once the district is established and the next round of board elections occurs, “voter turnout in MUD Board elections rarely exceeds 5%.”¹⁰ In some instances, board members have been elected with only one vote each.¹¹ According to a Fordham Law Review article, “MUDs suffer from a public participation deficit,” and they are “in large part controlled by Texas’s real estate developers, not the general public.”¹² And while MUDs “were not intended to function as general purpose governments,...with the breakdown of annexation, and the ongoing need to provide services to new developments, they increasingly function in a similar manner.”¹³

Once a project has received approval from the necessary utilities and state agencies and met all requirements, counties cannot deny them. Counties cannot deny MUDs authorized by the TCEQ or the Legislature, even if the county court believes the development will be incompatible with current land uses or inconsistent with development patterns necessary to protect local resources. Municipalities are generally able to enforce drought restrictions and wastewater and stormwater regulations in ways that counties are unable. Counties may generally only enact regulations and orders expressly authorized by state law and are not authorized to implement all the regulatory requirements necessary to protect ground and surface waters from the impacts of these developments in unincorporated areas.

Many of the MUDs in the Edwards Aquifer region are being created in unincorporated areas, especially after passage of SB 2038 in 2023. MUDs are often proposed via the Legislature or TCEQ after local governments decline to alter subdivision rules designed to ensure sustained groundwater availability and protection of recharge.¹⁴ A county may submit comments to the TCEQ on a proposed MUD in an unincorporated area, but the “county court’s comments are merely advisory” and are often disregarded.¹⁵

Given that county governments are responsive to the needs and concerns of their constituents and of the county in general in a way that TCEQ or the legislature is not, we recommend that final authority for approval of a MUD should reside with the county.

Municipal Utility District Impact Concerns

Another persistent concern with the proliferation of MUDs is that they allow developers to dodge long-term responsibility for maintaining infrastructure. This has resulted in underinvestment in essential components of new developments to the detriment of public health and safety. In that they can deed responsibility for infrastructure to a MUD, developers, especially some of the big national firms, opt for minimal up-front investment. In the case of wastewater and drainage infrastructure, incentives for underinvestment discourage investment in state-of-the-art wastewater systems and best management practices to prevent flooding and non-point source pollution. Rather than encouraging the creation of communities that are built on the cheap, Texas should incentivize building new developments that are adequately protective in the long-term of the health and safety of Texas citizens and our environment.

There may be parts of the state in which MUDs are appropriate.¹⁶ However, there simply is not enough water in Central Texas to handle the rapid sprawl facilitated by MUDs, and what water is present is at great risk of contamination. Due to the karst nature of the Edwards and Trinity aquifers, wastewater package plants and

wastewater systems associated with MUDs in the Hill Country represent “a legitimate concern for potential groundwater contamination due to direct discharge of treated effluent or spillage of raw sewage into aquifer recharge features.”¹⁷ The increase in impervious cover associated with high-density MUD development in the Hill Country also raises the risk of groundwater contamination via polluted stormwater and irrigation water runoff, as well as of hazardous downstream flooding.

The growth of MUDs in the Hill Country also undermines wastewater regionalization efforts. And “despite their claims to efficiency, special districts spend more than central cities to perform the same functions.”¹⁸ Additionally, once a MUD is formed, “it is not required to consider any of the water planning issues attendant to its development...[or] form or join metropolitan coordinating bodies addressing such issues.”¹⁹ Other local governments must often then deal with the MUD’s impacts on existing water supplies and systems.

Municipal Utility District Affordability Concerns

We are sympathetic to the conversations surrounding housing affordability in the region,²⁰ but the truth is, MUDs have not been shown to lead to greater long-term affordability for Texans. A University of Texas at Austin report found that compared to non-MUD residents, MUD residents see a “structural, compounding financial disadvantage that accumulates significantly over the course of homeownership” and that the “burden on MUD residents is neither marginal nor short-lived.”²¹ The report found that the “hidden long-term costs undermine both the affordability and tax-equity components that initially attract homeowners to settle in special districts” – “the MUD model does not expand affordability, it relocates and obscures its costs.”²²

Lawmakers and developers have sold municipal utility districts as a way to provide affordable homeownership quickly and efficiently as the state’s population booms. Unlike public improvement districts, a MUD might have profound effects on home affordability. Recent media reports²³ have documented how MUDs have been promoted by developers as boosting affordable housing, but rather have resulted in the opposite.

New homebuyers frequently have been hit with property taxes double or triple those of the county or neighboring cities to pay off the developer’s debt, plus monthly fees for basic services from trash pickup to emergency services. Many new homebuyers lured by attractive list prices haven’t been able to stay in the development because of the high taxes and fees, calling into question the sustainability of MUD developments.²⁴

In addition to being left *with* an unexpected tax burden, residents in a MUD may also be left *without* expected services. MUD residents often end up paying higher fees for community services, paying additional fees for other utility services, or facing gaps and delays in services such as emergency response and law enforcement.²⁵ Furthermore, many of the homes being built in recently created MUDs cannot realistically be categorized as affordable.²⁶ The median home price in Hays, Comal, and Kendall counties range from \$396,160 to \$579,900, with many homes listed for more than \$750,000.²⁷ Instead of being a “driving force in the availability of affordable housing, helping to build Texas neighborhoods and...urban communities,” in reality MUDs tend to lure high-wealth individuals away from cities” and contribute to sprawl.²⁸

Cities and counties have been on the hook to provide services or even maintain infrastructure of MUDs. Those costs often cannot be fully recouped and are “eventually passed along to all local taxpayers, whether or not they live in a MUD...” representing “a direct tax on existing taxpayers [and] on existing property owners.”²⁹ The way that MUDs are structured, “developers with deep pockets can just walk away, leaving unsuspecting homebuyers and local governments holding the bag.”³⁰

Recommendation

MUDs are not the cure to the housing affordability problem in Texas. In fact, MUDs may be exacerbating many of the factors leading to long-term financial constraints imposed on homeowners, taxpayers, and local governments. At the same time, the development styles encouraged by MUDs pose significant risks to water quality and availability in the Texas Hill Country. Texans expect that their local governments will work to protect critical groundwater supplies. We have heard from many county officials and residents who would like to see greater authority afforded to counties in order to protect the Edwards and Trinity aquifers and to enable them to maintain the health, safety, and quality of life enjoyed by their residents.

To protect the groundwater supplies upon which millions rely, counties overlying any part of the Edwards Aquifer or within the Hill Country Priority Groundwater Management Area should be granted the final authority to approve and deny the creation of a MUD. MUDs should not be able circumvent county attempts to manage growth and conserve natural resources. The Legislature should grant counties within this region the ability to deny the approval of a MUD due to density and water availability concerns and strains on current services and natural resources.³¹ Although we recommend this measure as a means to ensure long-term water quality and availability, we highlight that granting this authority would also help counties ensure that development in the county is not imposing undue financial burdens on current or future residents.

Thank you for your consideration. Please consider GEAA as a resource that is at your disposal. We look forward to working with you on this issue.



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 - ³<https://www.texastribune.org/2025/03/13/texas-water-explained-supply-demand/>
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 - ¹⁰<https://repositories.lib.utexas.edu/items/6dd914b2-22f7-4458-9253-0c487abb384f>
 - ¹¹<https://www.expressnews.com/politics/texas/article/property-taxes-special-districts-21124439.php>
 - ¹²https://fordhamlawreview.org/wp-content/uploads/assets/pdfs/Vol_75/Galvan_May.pdf
 - ¹³<https://kinder.rice.edu/urbanedge/special-districts-helped-form-houston-patchwork-governments-also-presents-challenge-going>; <https://www.expressnews.com/politics/texas/article/property-taxes-special-districts-21124439.php>
 - ¹⁴https://www.hillcountryalliance.org/wp-content/uploads/2021/04/MUDs-Community-Meeting_Slides04062021.pdf?_gl=1*47vajm*_ga*MTA4OTYzMTA1MS4xNzg0MDU1MTMx*_ga_MHNNEWFX95*czE3ODQwNTUxMzEkZzAkDE3ODQwNTUxMzEkajYwJGwwJGgw
 - ¹⁵https://fordhamlawreview.org/wp-content/uploads/assets/pdfs/Vol_75/Galvan_May.pdf
 - ¹⁶<https://kinder.rice.edu/urbanedge/special-districts-helped-form-houston-patchwork-governments-also-presents-challenge-going>
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 - ¹⁸https://fordhamlawreview.org/wp-content/uploads/assets/pdfs/Vol_75/Galvan_May.pdf
 - ¹⁹ Ibid
 - ²⁰<https://aquiferalliance.org/wp-content/uploads/2025/01/GEAA-Housing-and-Water-Concerns-in-the-Hill-Country-2.3.24.pdf>
 - ²¹<https://repositories.lib.utexas.edu/items/6dd914b2-22f7-4458-9253-0c487abb384f>
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 - ²⁶<https://lrcrealty.com/lrg-blog/best-cities-neighborhoods-to-live-in-comal-county-tx/>
 - ²⁷<https://www.redfin.com/county/2685/TX/Comal-County/housing-market>; <https://www.redfin.com/county/2744/TX/Hays-County/housing-market>; <https://www.redfin.com/county/2769/TX/Kendall-County/housing-market>
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