



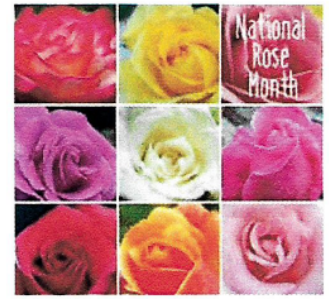
MIDWAY MESSENGER

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Latest News and Updates

June 1, 2025

From the Mayor's Desk:

To continue our series on "How Cities Work," we are going to look at "Where Do Cities Get Their Money" (January 2025 issue of *The Texas Municipal League* magazine, titled "Texas Town and Cities"). (www.tml.org).

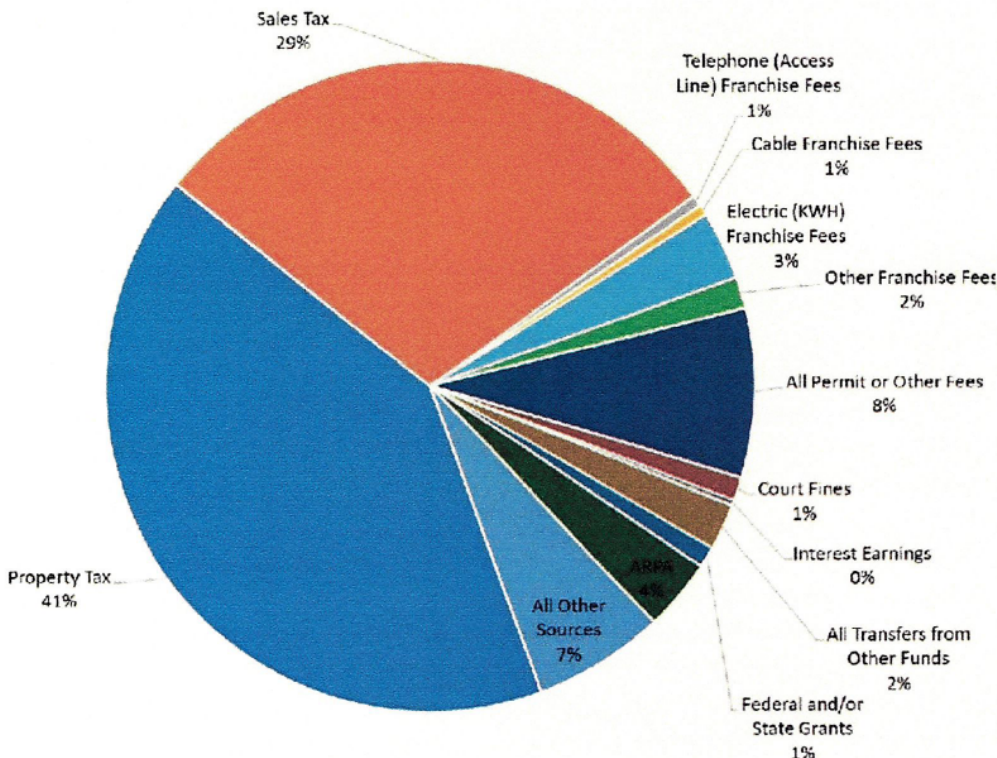
This series will show sources that generate income for cities. A 2022 Texas Municipal League survey shows that municipal general fund revenue in Texas is made up of the following sources:



*But You, Lord, are a
compassionate and gracious
God, slow to anger and
abundant in mercy and truth.*

—Psalm 86:15 (NASB)

General Fund Revenues



WHERE DO CITIES GET THEIR MONEY

Property Taxes

Property taxes are the leading source of city revenue. Though crucial to city budgets, city property taxes make up just a fraction of a property owner's total property tax bill.

City property tax levies are tied by law to fluctuating property tax values. As values increase, the city must adjust its rate or hold voter approval tax rate elections.

Sales Taxes

Sales taxes are a major source of city revenue. Nearly 93 percent of Texas cities levy a basic one-cent city sales tax. The revenue can be used for any purpose other than payment of debt. Many cities, though not all, also impose additional sales taxes in varying amounts of up to one cent. These additional sales taxes are known as dedicated taxes, because their proceeds may be spent only for

Conspicuously absent from this is financial assistance from the state. This is unusual—most states provide direct financial assistance to cities in recognition of the fact that cities provide basic services on which the entire state depends.

Instead of revenue, Texas cities receive something equally important from the state—broad authority to govern themselves, including the authority to raise their own revenue. This local authority has worked to the benefit of cities and the state for many decades and should continue into the future.

certain purposes. Some popular dedicated sales taxes include mass transit, economic development, street maintenance, property tax relief, and sports venue taxes. Collection of sales taxes is performed by the Texas comptroller, who "rebates" the city share on a monthly basis. The comptroller retains a small portion of the city taxes revenue to cover the state's administrative costs.

Right-of-Way Rentals

When utilities and other industries use city property to distribute their services, cities are permitted by law to collect rental fees, also known as "franchise" fees, for the use of public property.

Permits and Fee's

Cities may collect fees for issuing permits for building construction, environmental regulation, and other services.

Court Fines *

A city that operates a municipal court may impose fines for violations of traffic laws and city ordinances. Maximum fines typically range from \$200 for traffic violations, and up to \$2,000 for city ordinance violations relating to health and safety. Much of a city's fine revenue offsets the costs of law enforcement and operation of the municipal court system.

Interest Earnings

When a city invests its funds, it must closely follow the mandates of the **Public Funds Investment Act**.

Transfers from Other Funds

Many cities operate utilities and other optional services that generated substantial gross revenues. By law, the fees for such services must closely offset the cost of providing the service. In addition to the cost factor, cities are permitted to retain a reasonable "return," which can then be transferred to the general fund .

Other Sources

City revenue can take various other forms, including user fees for some services, amusement taxes, and hotel occupancy taxes.

MIDWAY SUMMER

READING PROGRAM

The reading program will take place every Friday, from May 30 through August 8, from 10:00 AM to 12:00 PM. Location Midway City Hall. Contact City Secretary Debra Newkirk.

Phone: 936-348-6800

Email: cityofmidway@yahoo.com

- May 30—Passport to Adventure
- June 6—Rope Yourself a Good Book
- June 13—Crazy Goat Lady
- June 20—Science Lab: Extracting DNA From a Strawberry
- June 27—Erica Greene, importance of Veterans
- July 11—Wellness in Houston
- July 18—Smokey The Bear
- July 25—KBTX Channel 3 Weather Team
- August 1—Get Prepared for Emergencies
- August 8—END OF SUMMER BASH!!!

We have 2 new city council members and one incumbent who were sworn in Monday May 19.

Rhonda Owens, New

Penny Conner, New

Rex Newkirk, Incumbent

*Did You Know?

Many people mistakenly believe that cities derive substantial general revenue from their courts. In reality, the first \$84 of most traffic tickets goes directly to the state. What's left over, if any, can be used by the city. Unfortunately, city courts are increasingly being used as a backdoor revenue source for the state.

Pet Safety:

Please secure your animals for their safety.