

## Harris County, Texas

### Issuer: Harris County, TX

Assigned	Rating	Outlook
Permanent Improvement Refunding Bonds, Series 2024A	AAA	Stable
Unlimited Tax Road Refunding Bonds, Series 2024A	AAA	Stable
Permanent Improvement Tax and Revenue Certificates of Obligation, Series 2024	AAA	Stable

Affirmed	Rating	Outlook
Limited Tax Obligations	AAA	Stable
Unlimited Tax Obligations	AAA	Stable

### Methodology:

[U.S. Local Government GO Methodology](#)

[ESG Global Rating Methodology](#)

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roads; (iii) finance professional services in connection with the aforementioned purposes; and, (iv) pay the costs of issuance. Such certificates are secured primarily by the County's limited tax pledge, as well as a limited pledge of the surplus revenues of the County's parking facilities in an amount not to exceed \$10,000.

KBRA views the County's management structure and policies as strong based on its comprehensive budgeting process, regularly updated multi-year revenue and expense forecasts, and frequent monitoring and reporting of fiscal conditions. The County can make mid-year adjustments to spending, and frequently amends its budget mid-year to better reflect current conditions.

The debt and continuing obligations profile of the County is characterized by moderate debt levels, well-funded pensions, and affordable fixed costs, with payments for direct debt service, pension contributions, and OPEB paygo comprising a low 11.6% of governmental expenditures in FY 2023. Direct and overlapping debt are equivalent to a moderate 4.8% of taxable assessed value and \$6,514 per capita.

The County's financial performance and liquidity position are strong, characterized by strong unassigned general fund balance and robust governmental funds liquidity. Ongoing growth in the tax base has supported moderating tax rates and growing collections in recent years. Operating results were enhanced in years since FY 2019 by the receipt of \$1.34 billion in pandemic-related federal assistance. The County committed all of the \$427 million in CARES Act and Consolidated Appropriations Act funds it was allocated as of FYE 2022. As of FYE 2023, the County has committed \$643 million in ARP Act funds and expects to obligate all of the remaining \$273 million in ARP funds by the end of 2024 and deplete such funds by the end of 2026. The County has consistently maintained large unassigned fund balances with the balance of \$436 million at FYE 2023 equivalent to a strong 17.6% of general fund expenditures.

The County is home to a population of 4.8 million people centered around the City of Houston which is the fourth most populous city in the U.S. Per capita income is favorable at 99% of the State average in 2022 and the County population increased 18.2% between 2010 and 2023, slightly slower than the State but more than twice as quickly as the Nation. Taxable assessed value totals \$647.6 billion as of the 2023 tax year and has increased at a strong 7.4% compound annual growth rate (CAGR) over the last decade. The County's ten largest ad valorem taxpayers are concentrated in the oil and gas industry but comprise just 4.1% of taxable assessed value, as growth in sectors including healthcare,

**Rating Summary:** The long-term ratings reflect Harris County's (the "County") large and diversifying economy, strong tax base growth, favorable financial operating performance supporting ample reserves, and strong financial management practices. Additionally reflected are the inherent strength of the County's unlimited tax ad valorem pledge in the case of the unlimited tax obligations and the ample headroom to raise the ad valorem tax levy in the case of the limited tax obligations. KBRA does not make a rating distinction between the unlimited and limited tax debt given significant capacity in the case of the latter to raise taxes as needed to pay debt service.

Proceeds of the Permanent Improvement Refunding Bonds, Series 2024A will be used to refund and defease all or a portion of the County's outstanding General Obligation Commercial Paper Notes, Series D, Series D-2, and Series D-3. Such bonds are secured by the County's limited tax pledge.

Proceeds of the Unlimited Tax Road Refunding Bonds, Series 2024 will be used to: (i) refund and defease a portion of the County's Commercial Paper Notes, Series C and Series C-2; (ii) refund and defease all or a portion of the County's Unlimited Tax Road Refunding Bonds, Series 2014A; and, (iii) pay the costs of issuance related to the road bonds. Such bonds are secured by the County's unlimited tax pledge.

Proceeds of the Permanent Improvement Tax and Revenue Certificates of Obligation, Series 2024 will used to: (i) acquire, construct, improve, renovate, and equip County jail and criminal justice facilities; (ii) construct and improve County



education, and professional services continue to gradually reduce the area’s historic concentration in and exposure to the energy sector.

The Stable Outlook reflects KBRA’s expectation that the underlying economy will continue to sustain a large, stable, and diverse property tax base and that the County will maintain ample headroom to adjust the tax rate as needed to maintain structurally balanced operations and prudent reserves.

### Key Credit Considerations

The ratings reflect the following key credit considerations:

#### Credit Positives

- Sizable and diversifying economy, centered around the nation’s fourth largest city, that has benefitted from above average property tax base growth.
- Strong financial profile supported by generally favorable operations and considerable balance sheet resources, derived from stable property tax collections.
- Robust financial management practices, including a comprehensive budgeting process, frequent intra-fiscal year monitoring, and the maintenance of prudent reserves.

#### Credit Challenges

- Susceptibility to significant storm activity given its domicile on Texas’s Gulf Coast, as evidenced by Hurricane Harvey.

### Rating Sensitivities

- |  |   |
|--|---|
| ▪ Not applicable for this rating level.                          | + |
| ▪ Significant deterioration in operating reserves and liquidity. | - |
| ▪ A secular decline in the socioeconomic profile of the County.  |   |

Key Ratios	
<b>Economic Ratios</b>	
Harris County Population (2023)	4,835,125
Population CAGR 2010 to 2023	
Harris County	1.3%
Texas	1.5%
United States	0.6%
Per Capita Personal Income (2022) as a % of State	99%
Taxable Assessed Value CAGR - 2013 through 2023	7.4%
<b>Financial Ratios</b>	
County-Wide and Overlapping Debt Per Capita	\$6,514
County-Wide and Overlapping Debt as % of FY 2023 FMV	4.8%
General Fund Unassigned Fund Balance as % of Expenses (FYE 2023)	17.6%



Rating Determinants (RD)	
1. Management Structure and Policies	AAA
2. Debt and Additional Continuing Obligations	AA+
3. Financial Performance and Liquidity Position	AAA
4. Municipal Resource Base	AA+

## RD 1: Management Structure and Policies

KBRA views the County’s comprehensive budget process, frequent fiscal monitoring and reporting, multi-year capital project planning, and a newly implemented reserve policy as reflective of strong management policies and practices.

### Property Tax Revenue Raising Flexibility

#### Limited Tax Bonds

The State Constitution limits the aggregate ad valorem tax rate to \$0.80 per \$100 of TAV for all purposes of a county’s general fund, permanent improvement fund, road and bridge fund, and jury fund. These purposes include debt service on bonds or other debt issued against such funds. For Harris County, this includes its Permanent Fund Bonds and various forms of Certificates of Obligation. Administratively, the Texas Attorney General does not permit the issuance of limited tax obligation that would result in debt service exceeding a level that could be paid from half, or \$0.40 of the \$0.80 tax limit. For Tax year 2023, the County’s aggregate tax rate subject to the aforementioned limit was \$0.33679 per \$100 of TAV or 42.1% of the \$0.80 limit. The portion levied for debt service was \$0.03398 or 8.5% of the \$0.40 limit.

#### Unlimited Tax Bonds

The City’s voter-approved unlimited tax Road Bonds in contrast are paid from a separate unlimited tax levy that was \$0.01328 per \$100 of TAV in tax year 2023.

### Fiscal Monitoring and Budget Adjustments

The Budget Officer and Auditor are responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeting appropriations, and for keeping Court advised of the condition of the various appropriation accounts. The Court may transfer amounts among budget classifications in these funds, but no such transfer will increase the budget’s total amount. The Court may adopt supplemental budgets for limited purposes, such as for new sources of revenue not anticipated at budget adoption or for bond-financed capital projects.

The Budget Officer and Auditor are further tasked with monitoring of expenditures to ensure they do not exceed budgeted appropriations. The OMB and Auditor have added procedures over the past two years to control labor expenses, such as restricting departments from hiring or raising salaries if labor expenses exceed the budget, until the shortfall has been closed. The Auditor publishes monthly unaudited financial statements, which include comparisons of budgeted versus actual financials, and cash flow projections through the end of the fiscal year. The OMB conducts a midyear financial review and prepares quarterly Investment Reports.

### Reserve Policy

The Harris County Commissioners Court implemented a policy in April 2022 to maintain a balance in the public improvement contingency sub-fund of the general fund equivalent to 12.5% of projected general fund revenues. While the balance has generally been below the target, the County has historically maintained strong reserve levels. The total unassigned general fund balance at FYE 2023 was \$435.8 million, of which the public improvement contingency sub-fund comprised \$196.5 million. The total unassigned fund balance was equivalent 17.6% of expenditures at FYE 2023 and was at or above this level in each of the last five years.

## RD 2: Debt and Additional Continuing Obligations

The County’s debt and continuing obligations profile is favorable, with moderate debt metrics balanced by strong pension funding progress and very affordable OPEB costs.

### Direct and Indirect Debt

The County has \$1.86 billion in limited and unlimited tax debt as of March 31, 2024. The County’s direct and overlapping debt burden is moderate at \$6,514 per capita and 4.8% of taxable assessed value. Approximately 72.2% of direct debt service is scheduled to be repaid over the next decade. Debt service in FY 2023 was equivalent to 4.6% of governmental expenditures.

**Figure 1**

<b>Direct and Overlapping Debt Outstanding</b> (dollars in millions)		3/31/2024
<b>Direct Debt</b>		
Unlimited Tax		
Unlimited Tax Debt	\$	734
Toll Road Unlimited Tax Bonds <sup>1</sup>		131
Less: Self Supporting <sup>1</sup>		(131)
Total Unlimited Tax Debt		734
Limited Tax Debt <sup>2</sup>		1,130
<b>Total Direct Debt</b>		<b>1,864</b>
<b>Overlapping Debt</b>		
Other County-Wide Taxing Entities <sup>3</sup>		
Cities		1,483
School Districts, College Districts, and Harris County DOE		1,983
Utility Districts		19,289
		8,391
<b>Total Overlapping Debt</b>		<b>31,145</b>
<b>Total Direct and Overlapping Debt<sup>4</sup></b>		<b>33,027</b>

Source: POS

- (1) Toll Road Unlimited Tax Bonds are additionally secured by a subordinate pledge of net revenues of the County's toll road system. It is the current intent of the County to pay Toll Road Unlimited Tax Bonds solely from toll road revenues and, historically, no ad valorem tax revenue has been required to pay the outstanding Toll Road Unlimited Tax Bonds.
- (2) Includes \$317 million in District Flood Contract Bonds payable from contractual payments made by the County to the District secured by the County's limited tax pledge pursuant to a contract between the County and the District.
- (3) Includes \$1.009 billion in Harris County Flood Contract District limited tax debt.
- (4) Discrepancies in totals due to rounding.

**Capital Improvement Program (CIP)**

The CIP for FY 2024 totals \$1.82 billion. Of this amount, \$404 billion will fund general government investments and be 95% debt financed. Substantial additional investments in transportation and flood control will be paid from other dedicated sources. A planned \$687 million in transportation investment will be funded from toll revenues (52%) and toll revenue debt (48%).

**Figure 3**

<b>Harris County, Texas</b>		<b>FY 2024 Capital Improvement Plan</b>		<b>FYE September 30 (dollars in millions)</b>	
<b>Funding Source</b>		<b>Goal</b>			
<u>General Fund</u>				Flooding	\$ 724
GO Debt	\$ 384			Transportation	687
Grants	20			Governance and Customer Service	267
<u>Harris County Toll Road Authority</u>				Justice and Safety	94
Revenue	357			Public Health	27
Debt	330			Environment and Economic Opportunity	16
<u>Flooding</u>				Total	1,815
Infrastructure	251				
Grant	227				
Flood Control District Debt	198				
Flood Control District Paygo	39				
2015 Road and Bridge Bond	6				
GO Debt	3				
<b>Total</b>	<b>1,815</b>				

Source: FY 2024 Adopted Budget

**Pension and OPEB Liabilities**

All permanent County employees receive pension benefits through the County's participation in the agent multi-employer Texas County and District Retirement System (TCDRS). The plan is well funded as of FYE 2023 with a fiduciary net position equivalent to 91.5% of the total pension liability. The County has a history of annual contributions at approximately 100% of the actuarially determined contribution level. The County's net pension liability at \$697.2 million is equivalent to a low 0.1% of taxable assessed value.

The County offers an agent multi-employer OPEB plan for retired employees of the County, District, and certain other governmental entities. The plan provides medical, dental, vision, and basic life insurance benefits to plan members. The plan is funded on a paygo basis and the net OPEB liability is \$2.82 billion as of FYE 2023.



## **Fixed Cost Burden**

The County's fixed cost burden is very affordable with payments for debt service, pension contributions, and OPEB pay-go comprising 11.6% of governmental expenditures in FY 2023.

## **RD 3: Financial Performance and Liquidity Position**

The County's financial performance and liquidity position has been strong over the last five years, characterized by significant unassigned general fund balances and strong governmental funds liquidity.

### **Pandemic-Related Federal Assistance**

The County was allocated \$1.34 billion in pandemic-related federal assistance, exclusive of FEMA reimbursements. The County has committed all of the \$427 million in CARES Act and Consolidated Appropriations Act funds it was allocated as of FYE 2022. As of the fiscal year ended September 30, 2023, the County has committed \$643 million in ARP Act receipts for health (\$161 million), housing (\$120 million), jobs and education (\$207 million), justice and safety (\$120 million) and county operations (\$35 million). As required by law, the County expects to obligate the remaining \$273 million in ARP funds by the end of 2024 and deplete such funds by the end of 2026.

As of June 30, 2023, the County has additionally received \$164 million in pandemic-related FEMA Public Assistance grants as reimbursement for certain eligible expenses. An additional \$184 million in such grants are expected to be received by the end of FY 2024, subject to the completion of the necessary audits, reviews, and appeals typical of such grants.

### **Revenue Diversity**

Property taxes have historically comprised around 95% of governmental funds tax receipts reflecting significant reliance on this stable and growing revenue source. Hotel occupancy taxes comprise the balance.

### **Historic General Fund Results**

The general fund fiscal year-end was realigned beginning in 2022 from February 28 to September 30. Property taxes are generally due by January 31, with the prior February 28 fiscal year end falling one month after this date resulting in large unassigned fund balances at year end. Per the realignment of the FYE to September 30, reported unassigned fund balances are now more modest because they reflect the full year tax levy less 9 months of expenditures versus just 1 month of expenditures in the case of the prior February 28 FYE. This drawdown was observed in the 2022 stub year when unassigned fund balance declined from 50.2% of expenditures to 22.8%. Fund balance declined further in FY 2023 to a still strong \$436 million or 17.6% of expenditures

**Figure 4**

<b>Harris County, Texas</b>						
<b>Summary General Fund Statement of Income and Balance Sheet</b>						
FYE February 28 through 2022 and September 30 thereafter						
(audited GAAP basis) (dollars in millions)						
	2019	2020	2021	2022	2022 Stub (7 mo.)	2023
<b>Summary Statement of Income</b>						
<b>Revenues:</b>						
Taxes <sup>1</sup>	\$ 1,780	\$ 1,838	\$ 1,939	\$ 1,915	\$ 24	\$ 1,885
Charges for Service	253	252	231	268	119	271
Intergovernmental	51	75	59	72	47	99
Other	110	133	118	85	43	171
<b>Total Revenues</b>	<b>2,194</b>	<b>2,297</b>	<b>2,346</b>	<b>2,339</b>	<b>232</b>	<b>2,427</b>
<b>Expenditures:</b>						
<b>Current Operating:</b>						
Administration and Justice	1,080	1,170	1,096	1,339	816	1,344
County Administration	337	345	540	553	311	522
Other	357	362	442	441	206	391
Capital Outlay	132	98	68	103	34	98
<b>Debt Service:</b>						
Payments to Defeas Commercial Paper	68	76	-	-	-	45
All Other	137	135	131	130	108	81
<b>Total Expenditures</b>	<b>2,112</b>	<b>2,187</b>	<b>2,278</b>	<b>2,566</b>	<b>1,475</b>	<b>2,482</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	82	111	69	(227)	(1,243)	(55)
<b>Other Finance Sources (Uses):</b>						
Transfers In <sup>2</sup>	186	198	508	281	348	543
Transfers Out	(154)	(128)	(144)	(98)	(58)	(97)
Bond Proceeds	-	23	260	155	211	165
Payment to Escrow Agent	-	(23)	(200)	(4)	(174)	-
Commercial Paper Issued	-	-	-	-	-	-
Payments to Defeas Commercial Paper	-	-	(137)	(297)	(329)	(230)
Other	20	-	0	-	0	-
<b>Total Other Financing Sources (uses)</b>	<b>52</b>	<b>70</b>	<b>287</b>	<b>36</b>	<b>(2)</b>	<b>380</b>
<b>Net Change in Fund Balance</b>	<b>134</b>	<b>181</b>	<b>356</b>	<b>(191)</b>	<b>(1,244)</b>	<b>325</b>
Beginning Fund Balance	1,735	1,870	2,051	2,407	2,216	971
Ending Fund Balance	1,870	2,051	2,407	2,216	971	1,296
<b>Summary Balance Sheet</b>						
<b>Assets</b>						
Cash and Cash Equivalents	\$ 622	\$ 305	\$ 609	\$ 593	\$ 97	\$ 247
Investments	1,049	1,542	1,606	1,478	905	827
Receivables	168	155	160	173	59	77
Due from Other Funds	13	36	84	143	193	388
Other	251	262	274	238	20	97
<b>Total Assets</b>	<b>2,103</b>	<b>2,300</b>	<b>2,731</b>	<b>2,625</b>	<b>1,275</b>	<b>1,636</b>
<b>Liabilities</b>						
Vouchers Payable	62	73	108	121	87	116
Accrued Payroll	100	101	157	205	168	140
Other	15	15	38	37	21	53
<b>Total Liabilities</b>	<b>176</b>	<b>189</b>	<b>303</b>	<b>362</b>	<b>276</b>	<b>310</b>
Deferred Inflows	58	60	22	47	27	30
<b>Fund Balances</b>						
Nonspendable	9	13	5	7	14	26
Restricted <sup>3</sup>	532	533	995	782	541	732
Committed	-	-	-	73	19	68
Assigned	40	31	27	57	61	35
Unassigned	1,288	1,473	1,380	1,297	336	436
<b>Total Fund Balance</b>	<b>1,870</b>	<b>2,051</b>	<b>2,407</b>	<b>2,216</b>	<b>971</b>	<b>1,296</b>
Unassigned Fund Balance as a % of Expenditures	61.0%	67.4%	60.6%	50.5%	22.8%	17.6%

Source: ACFRs

(1) A breakout of taxes received by the general fund is not provided in the ACFR. For FY 2023, the general fund received 86.5% of total governmental funds tax receipts. Total governmental funds tax receipts were comprised by property tax levied for general purposes (81.4%), property taxes levied for debt service (13.3%), and hotel occupancy tax (2.6%).

(2) Includes transfers from Harris County Toll Road Authority totaling \$136.5 million in FY 2019, \$136.9 million in FY 2020, \$545.1 million in in FY 2021, \$254.0 million in FY 2022, \$123.9 million in FY 2022 Stub, and \$369.3 million in FY 2023. Section 284.0031 of the Texas Transportation Code limits the use of such funds for mobility and infrastructure programs and may not be used for general operations of the County.

(3) Consists primarily of funds received from the Harris County Toll Road Authority statutorily restricted for mobility and infrastructure purposes.

## Liquidity Position

The County's liquidity position is strong. The governmental funds cash and investments balance, less the portion restricted for mobility and infrastructure, totals \$1.98 billion and provides 201 days cash on hand (DCOH) relative to governmental expenditures (excluding expenditures for mobility and infrastructure).

## FY 2024 Budget

The adopted FY 2024 general fund budget is balanced and totals \$2.40 billion in estimated revenues and appropriations, up 12.9% from the adopted FY 2023 budget. The budgeted operating property tax levy of \$1.93 billion is up 12.9% YoY based on an 11.9% increase in taxable assessed value to \$647.6 billion and a 0.6% increase in the operating tax levy to \$0.30281 per \$100 of taxable assessed value.

## RD 4: Municipal Resource Base

The County's municipal resource base is strong, characterized by a large and growing population as well as an increasingly diversified economy. With a population of over 4.7 million people in 2023, Harris County is the most populous county in Texas. The county seat is Houston, the largest city in Texas and the fourth largest city in the U.S.

The County's economic activity is largely centered in and around Houston, which is commonly known as the "Energy Capital of the World". This concentration reflects the presence of the Port of Houston, a sprawling 50-mile-long port complex that is home to a large concentration of deep-water terminals, oil refineries, related petrochemical activity, and other industrial and shipping activity. The Houston-The Woodlands-Sugar Land MSA (the "MSA") is also home to extensive industry specializing in the design and manufacture of oil and gas equipment as well as petrochemical and plastics engineering. These activities contribute significantly to the economic output of the MSA, but concentration in these areas has eased in recent decades as the MSA has grown. Nevertheless, energy remains a key industry and movement in oil and gas prices remain an important driver of both economic growth and volatility year to year. Other significant contributors to the MSA economy include Texas Medical Center and the University of Houston.

## Population Trends

The Harris County population increased at a 1.3% CAGR between 2010 and 2023, slightly slower than the State but more than twice as quickly as the Nation overall.

Figure 5

Population								
	Harris County	Δ (%)	Houston MSA	Δ (%)	Texas	Δ (%)	United States	Δ (%)
1980	2,438,539		3,172,859		14,338,208		227,224,719	
1990	2,835,927	16.3%	3,775,620	19.0%	17,056,755	19.0%	249,622,814	9.9%
2000	3,414,239	20.4%	4,717,507	24.9%	20,944,499	22.8%	282,162,411	13.0%
2010	4,107,451	20.3%	5,946,920	26.1%	25,238,863	20.5%	309,378,433	9.6%
2020	4,734,505	15.3%	7,140,749	20.1%	29,234,361	15.8%	331,526,933	7.2%
2023	4,835,125	2.1%	7,510,253	5.2%	30,503,301	4.3%	334,914,895	1.0%
CAGR 2010 to 2023	1.3%		1.8%		1.5%		0.6%	

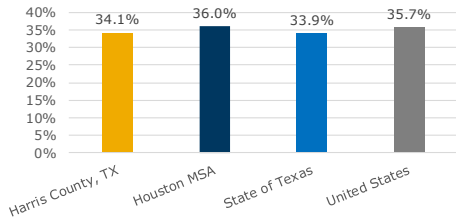
Source: U.S. Census Bureau

## Personal Income, Education Attainment, and Poverty Level

Educational attainment in Harris County exceeds that of the State but is below that of the Nation. The incidence of poverty exceeds that of both the State and Nation reflecting its urban character. Per capita income at \$37,848 is equivalent to a solid 99% of the State average.

**Figure 6**

**Educational Attainment**  
Portion of Population  
25 and Older  
w/Bachelor's Degree+ (2022)

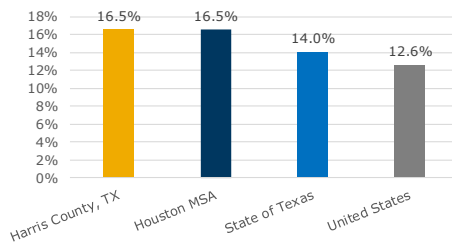


	2010	2022	Δ 2010 to 2022
Harris County, TX	27.8%	34.1%	+6.3%
Houston MSA	28.4%	36.0%	+7.6%
State of Texas	25.9%	33.9%	+8.0%
United States	28.2%	35.7%	+7.5%

Source: U.S. Census

**Figure 7**

**Poverty Level**  
All People  
(2022)

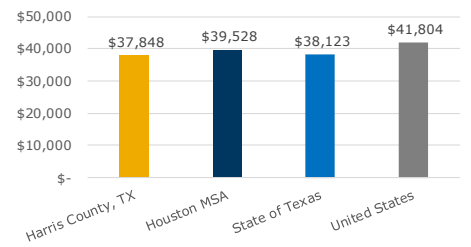


	2010	2022	Δ 2010 to 2022
Harris County, TX	18.7%	16.5%	-2.2%
Houston MSA	18.7%	16.5%	-2.2%
State of Texas	17.9%	14.0%	-3.9%
United States	15.3%	12.6%	-2.7%

Source: U.S. Census

**Figure 8**

**Income Per Capita**  
In Dollars  
(2022)



	2010	2022	Δ 2010 to 2022
Harris County, TX	\$25,352	\$37,848	49.3%
Houston MSA	\$26,440	\$39,528	49.5%
State of Texas	\$23,863	\$38,123	59.8%
United States	\$26,059	\$41,804	60.4%

Source: U.S. Census

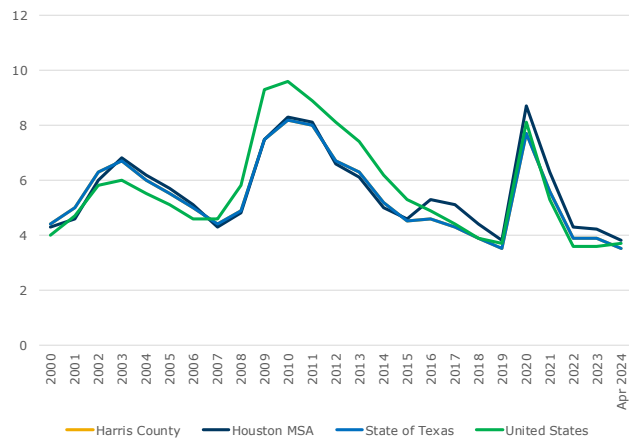
**Employment and Unemployment**

Harris County's employment base is well diversified with a degree of concentration in professional & business services as well as trade, transportation & utilities, and construction relative to the U.S. overall. Twenty-six Fortune 500 companies are headquartered in the Houston MSA.

The County unemployment rate was 3.5% in April which was somewhat higher than that of the State (3.5%) and Nation (3.7%). Employment growth has been strong since the pandemic with total employment up 9.9% between April 2024 and the 2019 pre-pandemic level versus State growth also at 9.9% and National growth of 2.4%.

**Figure 9**

**Unemployment Rates**



	Harris County	Houston MSA	State of Texas	United States
April 2024	3.5	3.8	3.5	3.7
March 2023	4.1	4.3	4.1	3.5
GFC Annualized Peak	8.2	8.3	8.2	9.6
Point Δ from GFC Annualized Peak	-4.7	-4.5	-4.7	-5.9

Source: U.S. Bureau of Labor Statistics. Not seasonally Adjusted.

**Figure 10**

	Harris County		Houston MSA		State of Texas		United States	
	Total Employment	Δ(%)	Total Employment	Δ(%)	Total Employment	Δ(%)	Total Employment	Δ(%)
2000	9,933		2,283		9,933		136,891	
2001	10,015	0.8%	2,318	1.5%	10,015	0.8%	136,933	0.0%
2002	10,061	0.5%	2,346	1.2%	10,061	0.5%	136,485	-0.3%
2003	10,177	1.1%	2,364	0.8%	10,177	1.1%	137,736	0.9%
2004	10,336	1.6%	2,396	1.4%	10,336	1.6%	139,252	1.1%
2005	10,561	2.2%	2,457	2.5%	10,561	2.2%	141,730	1.8%
2006	10,771	2.0%	2,527	2.8%	10,771	2.0%	144,427	1.9%
2007	10,940	1.6%	2,589	2.5%	10,940	1.6%	146,047	1.1%
2008	11,110	1.6%	2,640	2.0%	11,110	1.6%	145,362	-0.5%
2009	11,043	-0.6%	2,625	-0.6%	11,043	-0.6%	139,877	-3.8%
2010	11,255	1.9%	2,727	3.9%	11,255	1.9%	139,064	-0.6%
2011	11,499	2.2%	2,795	2.5%	11,499	2.2%	139,869	0.6%
2012	11,795	2.6%	2,901	3.8%	11,795	2.6%	142,469	1.9%
2013	12,022	1.9%	2,983	2.8%	12,022	1.9%	143,929	1.0%
2014	12,333	2.6%	3,073	3.0%	12,333	2.6%	146,305	1.7%
2015	12,503	1.4%	3,108	1.1%	12,503	1.4%	148,834	1.7%
2016	12,729	1.8%	3,126	0.6%	12,729	1.8%	151,436	1.7%
2017	12,888	1.3%	3,142	0.5%	12,888	1.3%	153,337	1.3%
2018	13,179	2.3%	3,210	2.2%	13,179	2.3%	155,761	1.6%
2019	13,435	1.9%	3,271	1.9%	13,435	1.9%	157,538	1.1%
2020	12,872	-4.2%	3,107	-5.0%	12,872	-4.2%	147,795	-6.2%
2021	13,487	4.8%	3,220	3.7%	13,487	4.8%	152,581	3.2%
2022	14,094	4.5%	3,363	4.4%	14,094	4.5%	158,291	3.7%
2023	14,473	2.7%	3,469	3.2%	14,473	2.7%	161,037	1.7%
Apr 2024	14,762	2.0%	3,547	2.3%	14,762	2.0%	161,341	0.2%
Δ 2019 Avg to Mar 2024	9.9%		8.5%		9.9%		2.4%	

Source: U.S. Bureau of Labor Statistics. Not seasonally adjusted.

**Growing and Diverse Tax Base**

The tax base has exhibited a trend of resilience and growth over the last decade. TAV increased at a 7.4% compound annual growth over the decade ending in the 2023 tax year, well faster than the compound annual growth in the urban consumer price index at 2.8%. TAV did not contract through recent periods of oil price decline in 2015/2016 and 2020, evidencing limited exposure to this variable. The ten largest taxpayers are concentrated in the oil and gas industry but comprise only 4.1% of TAV as of FY 2023.



Figure 11

Harris County, Texas											
Taxable Assessed Values and Tax Rates <sup>1</sup>											
FYE February 28 through 2022 and September 30 thereafter (in dollars)											
Tax Year	Fiscal Year	Taxable Assessed Value (TAV)	Δ YoY (%)	County Rates and Levy (Subject to total limit of \$0.80 per \$100 of TAV)						Road Bond DS Rate and Levy (Unlimited)	
				Operating Fund Rate	Public Improvement Contingency Fund Rate <sup>2</sup>	Debt Service Rate	Total County Rate	Total County Levy <sup>3</sup>	Δ YoY (%)	Road Bond Debt Service Levy Rate <sup>4</sup>	Road Bond Debt Service Levy <sup>3</sup>
2013	2014	\$ 316,521,841,000		\$0.34000	\$ 0.00547	\$ 0.05158	\$0.39705	\$ 1,256,749,970		\$0.01750	\$ 55,391,322
2014	2015	350,425,713,000	10.7%	0.34000	0.00547	0.04802	0.39349	1,378,890,138	9.7%	0.02382	83,471,405
2015	2016	391,521,792,000	11.7%	0.34000	0.00547	0.05237	0.39784	1,557,630,297	13.0%	0.02139	83,746,511
2016	2017	421,438,862,000	7.6%	0.34000	0.00500	0.05111	0.39611	1,669,361,476	7.2%	0.02045	86,184,247
2017	2018	436,392,684,000	3.5%	0.34000	0.00500	0.05263	0.39763	1,735,228,229	3.9%	0.02038	88,936,829
2018	2019	448,414,364,000	2.8%	0.34000	0.01000	0.05084	0.40084	1,797,424,137	3.6%	0.01774	79,548,708
2019	2020	482,200,998,000	7.5%	0.34000	0.00174	0.04711	0.38885	1,875,038,581	4.3%	0.01828	88,146,342
2020	2021	504,850,540,000	4.7%	0.33028	0.01000	0.05088	0.39116	1,974,773,372	5.3%	-	-
2021	2022	517,765,852,000	2.6%	0.33500	-	0.04193	0.37693	1,951,614,826	-1.2%	-	-
2021	2022 Stub	511,186,361,000	-1.3%	0.33500	-	0.04193	0.37693	1,926,814,751	-1.3%	-	-
2022	2023	578,808,817,000	13.2%	0.30105	-	0.03084	0.34373	1,989,539,547	3.3%	0.01184	68,530,964
2023	2024	647,595,946,000	11.9%	0.30281	-	0.03398	0.33679	2,181,038,387	9.6%	0.01328	86,000,742

Source: POS and ACFRs

(1) Per \$100 of taxable assessed value.

(2) In Tax Years 2021, 2022, and 2023 the County chose to fund the Public Improvement Contingency Fund with available revenues generated from the Operating Fund tax rate, rather than from a tax rate dedicated to funding the Public Improvement Contingency Fund.

(3) Total County Levy and Road Bond Debt Service Levy are as calculated by KBRA based on latest available TAV. Actual collections may be slightly lower based on assessment challenges and current collections that generally exceed 97% on a current basis and 99% in subsequent years.

(4) In Tax Years 2020 and 2021, the County chose to pay debt service on the unlimited tax road bonds from other lawfully available revenues.

## Bankruptcy Assessment

KBRA bankruptcy assessment can be found in prior reports, the most recent of which is [dated](#) July 25, 2023.

## ESG Management

KBRA typically analyzes Environmental, Social, and Governance (ESG) factors through the lens of how issuers plan for and manage relevant ESG risks and opportunities. More information on KBRA’s approach to ESG risk management in public finance ratings can be found [here](#). Over the medium-term, public finance issuers will likely need to prioritize ESG risk management and disclosure with the likelihood of expansions in ESG-related regulation and rising investor focus on ESG issues.

KBRA analyzes many sector- and issuer-specific ESG issues but our analysis is often anchored around three core topics: climate change, with particular focus on greenhouse gas emissions; stakeholder preferences; and cybersecurity. Under environmental, as the effects of climate change evolve and become more severe, issuers are increasingly facing an emerging array of challenges and potential opportunities that can influence financial assets, operations, and capital planning. Under social, the effects of stakeholder preferences on ESG issues can impact the demand for an issuer’s product and services, the strength of its global reputation and branding, its relationship with employees, consumers, regulators, and lawmakers, and, importantly, its cost of and access to capital. Under governance, as issuers continue to become more reliant on technology, cybersecurity planning and information management are necessary for most issuers, regardless of size and industry.

KBRA’s assessment of ESG management can be found in prior reports, the most recent of which is [dated](#) July 25, 2023.



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