



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

October 2, 2025

Odessa City Council
411 W 8th Street
Odessa, Texas 79760

Dear Members of the Odessa City Council:

On September 23, 2025, the Odessa City Council approved a property tax increase that is above the no-new-revenue rate.¹ As you are no doubt aware, during the 89th Legislative session, the Legislature passed and Governor Abbott signed SB 1851 into law, which took effect on September 1, 2025. The law was in effect at the time you approved this tax hike. SB 1851 authorizes the Attorney General to determine whether a city complied with municipal auditing requirements.² If the Attorney General determines that a municipality did not comply with such requirements, then the municipality is prohibited from adopting an ad valorem tax rate that exceeds the no-new-revenue tax rate.

I have received a complaint alleging that the City of Odessa was non-compliant with Texas auditing requirements. Pursuant to Texas Local Government Code, municipalities must have their records and accounts audited annually, and a financial statement must be prepared based on the audit. The annual financial statement, and the auditor's opinion on the statement, must be filed in the office of the municipal secretary or clerk within 180 days after the last day of the municipality's fiscal year.³

¹ https://www.odessa-tx.gov/AgendaCenter/ViewFile/Agenda/_09232025-893 and <https://www.firstalert7.com/2025/09/24/odessa-city-council-finalizes-property-tax-increase-2026/>.

² Texas Local Government Code, Title 4, Subtitle A, Section 103.005(b).

³ Texas Local Government Code, Title 4, Subtitle A, Section 103.001(a).

Upon initial review, my office has been unable to find an audit report or a financial statement for the previous fiscal year. Indeed, Odessa's website indicates that the city only posted its financial report for Fiscal Year 2023 on September 24, 2025.⁴ Therefore, it appears that the City of Odessa was not in compliance with Senate Bill 1851 at the time the tax rate was approved and remains out of compliance now. To uphold my duty as the Attorney General to ensure that municipalities are following audit laws, I am formally launching an investigation into the City of Odessa to determine whether the new tax rate is illegal. Furthermore, I am demanding that the new tax rate not be implemented until I complete my investigation.

To that end, I request the following documents pursuant to the Texas Public Information Act, Chapter 552 of the Texas Government Code:

1. Documents that demonstrate the city has had its records and accounts audited annually, pursuant to Texas law, from January 1, 2023 to present.⁵
2. Any and all drafts of the annual financial statement for the previous fiscal year, including initial and subsequently amended drafts.
3. Communications related to the drafting process for the annual financial statement, including all communications related to non-finalized drafts and the finalized version of the annual financial statement.
4. The finalized annual financial statement for the previous fiscal year, pursuant to Texas law.⁶
5. All recorded communications regarding the new tax rate.
6. The minutes for the September 23, 2025, Odessa City Council meeting.
7. Documentation that explains or was otherwise used to justify the implementation of the adopted property tax increase.
8. Any notice informing the public about the date, time, and location of a hearing on the new budget.
9. Evidence that the city published notice of the date, time, and location of a hearing on the new budget in a newspaper of general circulation in the county.

Texans deserve government at all levels that understands the impact of taxes on economic prosperity and keeps dollars in their pockets. Burdensome tax increases are antithetical to the spirit that drives Texas and require the utmost scrutiny both by the citizenry and by the State. I look forward to the City of Odessa's compliance with this investigation.

⁴ <http://bit.ly/4mPyanF>.

⁵ Texas Local Government Code, Title 4, Subtitle A, Section 103.001.

⁶ See *Id.*

For Texas,

A handwritten signature in black ink that reads "Ken Paxton". The signature is written in a cursive, flowing style.

Ken Paxton
Attorney General of Texas

cc: publicinfo@odessa-tx.gov
citycouncil@odessa-tx.gov