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## ***Property Tax Relief***

Property tax relief must be a top priority for the 86th Legislature.

According to the Tax Foundation, Texas now has the sixth highest property tax burden in the nation. Not only are the inordinately high property tax rates oppressive to tax payers, but they are fundamentally unhealthy for the Texas economy.

The consequences of high and fast-growing property taxes are numerous excessive taxes that discourage economic growth, distort investment decisions, and depress job creation. The rising burden from property taxes is especially bad for housing-rich but income-poor elderly homeowners.

The Texas Legislature must pass a significant property tax reduction bill to bring property tax relief to Texas families. By reducing state and local government spending growth, the Legislature could eliminate the Robin Hood school property tax and cut over-all property taxes almost in half. Eliminating that tax using fiscal restraint would provide significant relief to Texas families and businesses.

According to the Texas Public Policy Foundation, school district maintenance and operations (M&O) property taxes, estimated to be \$24.77 billion in 2018, make up 53 percent of the total property tax burden followed by cities, counties, and special districts. Texas' property tax burden, on average, is more than \$2,000 for every man, woman, and child in the state. A plan reducing spending growth provides a long sought-after solution to Texans' high property tax burden.

One such plan has been proposed by the Texas Public Policy Foundation (TPPF)(<https://www.texaspolicy.com/library/doclib/2018-06-RR-Robin-Hood-School-Property-Tax-BelewSassPeacock-1.pdf>). TPPF's plan would eliminate the M&O property tax by limiting the growth of state spending to 4 percent per biennium and using state general revenue-related surplus funds to pay down the tax. Using the historic revenue growth rate of roughly 10 percent, TPPF projects the M&O property tax could be eliminated in as little as 11 years.

The property tax replacement scenario is unprecedented. By simply restraining spending growth and pledging the resulting surpluses to the elimination of the property tax, TPPF's plan would provide both tax relief and a reduction in the size and scope of government. If the Texas Legislature were to adopt and then stick with this plan, within the foreseeable future, Texans would no longer be paying the Robin Hood property tax.

Case in point: once the education M&O tax is eliminated, there would be a surplus of approximately \$12 billion available to the Legislature. Of course, the pressure from Capitol insiders will be to spend it — on transportation, education, health care, or other projects favored by special interests. The path forward, however — the path toward liberty — would be to continue the tax replacement scenario at the state level.

There are numerous possibilities for a state that generates more than \$90 billion in revenue from taxes each biennium. Taxes that could be reduced or eliminated include the sales tax, oil and gas severance taxes, the franchise tax, motor vehicle and fuel taxes, or the state's portion of the hotel occupancy tax. And each tax that is reduced or eliminated would mean less government spending on regulations, occupational licensing, and excessive criminal laws that burden our economy and reduce our liberty.

My office is fully committed to support our Governor and Lt. Governor in passing a meaningful property tax relief bill in the 86th Legislative Session which begins in January 2019.

