



*Serving the counties of District 2: Fannin, Delta, Hunt, Hopkins, Rains,
Rockwall, Kaufman, Van Zandt, and part of Dallas County*

Property Taxes

Battles over Texas property taxes began in 1836 when Mexico eliminated a generous property tax exemption to settlers, partially spurring the state's declaration of independence. For about a century, property taxes provided the bulk of all local and state tax receipts. Then, as now, there were problems with both accurate appraisals and with collections. Gradually, the state moved away from the property tax as a means of financing state government. And, in 1982, Texas abolished all forms of state property taxation. There have been a variety of tweaks, cuts, and caps to the system over the years to get us to where we are today.

Many of us today are exactly where our forefathers were when they fought for their independence—fed up with the government taxing us out of our homes and businesses. So, whose fault is it?

The first thing to remember is that property taxes, or any other tax for that matter is a symptom of a problem. It is not the problem. Spending is the problem. Governmental entities (including the state) set budgets on how much they need or want to spend and then determine the tax rate necessary to generate that amount of revenue. It would be the equivalent of you deciding how much money you want to spend and then going to your employer and demanding your paycheck be increased to accommodate your lifestyle. The difference is, the government can take your property if you refuse to pay. Your employer can just fire you.

Several county officials have recently charged that the Texas Legislature voted to increase property taxes in the current budget by quoting a Comptroller's estimate of what they anticipate property taxes will generate at current rates and anticipated appraisals. The Legislature does not set tax rates. Nor is their responsibility to fund schools dependent on those assumptions. Should property taxes generate less funding than predicted, the state will make up the revenue with other sources.

But why are county officials suddenly so concerned about the legislature fixing the school property tax issues? Is it their innate desire to ensure additional funding for education? Or, is it their hope that pointing the finger at the legislature on school funding will remove some of the heat that will come when their constituents recognize where the largest growth in property tax revenues is happening?

The following chart shows that the rate of growth in local property taxes since 2006 has been highest in the special district, county and city levies, not in school taxes. In fact, the property tax reform measures the Senate passed during the legislative session would not have limited school property taxes at all. Those measures were directed specifically to the faster growing entities. Should the state fail to regulate, in some way, the taxing authority of these entities, you are likely to see a repeat of the last decade in your burden at the local level.

Over the years the state has addressed the property tax burden on schools district both by increasing exemptions and by buying down the tax rate by 1/3 as reflected in the chart for 2007. That infusion of state money in place of property taxes was immediately erased with increased local levies the following year. The taxpayers saw only a one-year reprieve.

There are currently legislative hearings going on about both property tax reform and the funding of public education. Both systems are inherently broken and need reform. We first need to define what it costs to educate a child, and then we need to provide the funds to cover that cost. We need to look at whether the solution is to replace the property tax with some form of consumption tax, whether we continue the current system with restrictions on growth in place, or whether there are other alternatives not yet discussed.

Some local officials will tell you their budgets are driven by state mandates. While I oppose most mandates that are not directly related to health and safety issues, I do recognize the duty of the state to impose some uniform mandates. It is time to stop pointing the finger and to take fiscal responsibility for your constituents. Local entities should first determine the amount of revenue needed to fund their mandated duties. After those duties have been fully funded, then the local entity can decide what other functions to provide based on the willingness of their tax base to approve the increase in taxation.

Remember that when local officials are asking the state to assume a greater portion of school funding, they are not proposing to lower your taxes. They are just proposing it comes from the state government, not the local government. They fail to acknowledge that there is only one source of taxpayer dollars—the taxpayer. Do you really care whether government takes the money out of your left pocket or your right pocket? Or, do you just wish government would quit finding so many reasons to take money out of your pocket in the first place?

2006-2016 Property Tax Levy Growth

Since 2006, Property Tax Levies by class of taxing jurisdictions have grown by 42%, 69%, 72% and even over 100%.

