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Sen. Bettencourt Busts Another Property Tax Myth: New Construction is Not the Major Cause of Property Value Increases Around the State

Existing properties in Harris Co., City of Dallas see double-digit property tax levy increases over four years

HOUSTON – Senator Paul Bettencourt (R-Houston) today busted another property tax myth, stating that new construction is not the major cause of property value increases around the State.

"Major urban areas in Texas experiencing some of the largest value growth in the nation have only 20 to 32 percent of their appraisal hikes being actual new construction increases," Sen. Bettencourt said. **"It's just poppycock to tell taxpayers the opposite to justify keeping tax rates the same while values skyrocket."**

According to 2015 data gathered from Harris County Appraisal District (HCAD), the increase in market value in single family homes in Harris County was more than \$32 billion – with only an estimated \$6 billion being due to new construction. Based on this HCAD data, new construction among single family homes accounts for less than 20 percent of total market increases in Harris County, while increases on existing homes account for more than 80 percent of the increase. This is a five to one ratio between existing and new properties.

Meanwhile, during the same time frame in the City of Dallas, existing properties saw a property tax increase of nearly 20 percent – only 32 percent of which was due to new value added to the roll.

"The widely-repeated myth that new construction is to blame for skyrocketing property values in Texas fails to line up with the most recent data," Sen. Bettencourt continued. **"Between 2012 and 2015, for example, Harris County and the City of Dallas have seen double-digit property tax levy increases – little of which was due to new value added to the roll."**

Sen. Bettencourt concluded: **"Property tax levies statewide are growing at a pace three to four times faster than median household incomes. Taxpayers cannot continue to sustain these tax increases."**

Sen. Bettencourt is the chairman of the Senate Select Committee on Property Tax Reform and Relief. During statewide testimony to the select committee, pro-tax groups repeated several myths that are not supported by empirical data. To dispel the misconceptions, the District 7 senator launched an initiative this month to highlight the facts about the State's property tax system. The first property tax myth Sen. Bettencourt addressed was the incorrect belief that renters are not impacted by rising appraisals and increasing property taxes. Using the most recent available data, the senator explained that apartment values have grown three times faster than single family residences and noting: **"Rather than getting a free lunch, renters get eaten for lunch by property taxes."**

The Senate Select Committee on Property Tax Reform and Relief has held hearings throughout Texas to listen to testimony about the property tax process and recommend ways to reduce the tax burden on property owners. The committee plans to release its legislative report later this year. For archived broadcasts of the select committee's 2016 hearings, please visit the select committee's official website at <http://www.senate.state.tx.us/75r/senate/commit/c632/c632.htm>.

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