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House Ways and Means ready to tackle property tax reform right out of the gate in 2019

“What we’ve got to stay away from next session is ‘hostaging’ legislation... What we don’t need is to leave after this next session without giving some sort of property tax relief.”

Members of the *Texas House Ways & Means Committee* are already drafting a handful of property tax-related bills for the next session.

The **Texas Taxpayers and Research Association** hosted Reps. **Drew Darby**, R- San Angelo, **Hugh Shine**, R-Temple, and **Richard Pena Raymond**, D-Laredo at the *Texas Taxpayers and Research Association’s* annual meeting this past week.

Of the three long-time lawmakers, Rep. Raymond is the most hawkish on passing budget caps and was the first to reach out to Gov. **Greg Abbott’s** office to draft a bill on the governor’s tax plan.

Abbott called his proposed property tax caps – he wants a hard 2.5 percent cap on annual revenue growth in all jurisdictions – his top priority for next session. Raymond, who has been challenged for carrying a bill on Abbott’s tax plan, said he’d urge his colleagues to support Abbott’s plan, including Abbott’s challenger, **Lupe Valdez**.

“I don’t even think it’s conservative,” Raymond said. “I just think it’s common sense.”

That attitude comes from Raymond’s childhood, growing up in a small poor South Texas town where elected officials, more often than not, were corrupt. That’s what got Raymond to run for elective office, he said, and it’s a principle that’s stuck with him the last 24 years.

“I try never to forget that mindset, because it does happen,” Raymond said. “Some people get into office, and they kind of forget. Sometimes they get condescending to the people who come in front of us to say something to us during hearings. No, what they’re saying isn’t dumb. We’ve got to listen to folks.”

Moderator **Dale Craymer** of TTARA noted the final positions on tax relief last session was a 6 percent revenue cap in the House and a 4 percent revenue cap in the Senate. Smaller jurisdictions were exempted. Neither plan applied to school districts.

Abbott's new plan goes further: The rollback rate is lowered to 2.5 percent. His plan would apply to school districts and smaller jurisdictions are not exempted.

Rep. Raymond was not bothered by Abbott's narrower approach. The governor's proposal still provides some exemptions for growth, critical infrastructure and natural disasters. Lawmakers can't go into the session without a willingness to make some hard choices, Raymond said.

"If we go into this session saying, 'Everything is okay the way it is. We have poor counties, a poor state, they can't do anything unless we let them do whatever the Hell they want...'" Raymond said. "No. I can't agree with that."

Rep. Raymond has had meetings with both the governor and his staff. Abbott has made at least one concession in Raymond's favor: one bill filed for local jurisdictions and a separate one for school districts because the logistics of school finance are far more complicated.

Both Shine and Darby have served as local elected officials, so Raymond often appeared more aggressively frugal than his Ways & Means colleagues. Rep. Shine's focus has been getting rid of unfunded mandates: 30 percent of Bell County's 45-cent tax rate comes from unfunded mandates, which Shine lobbied hard last session to end.

Shine supported a 6 percent revenue cap with an auto-rollback election. But he also lists as priorities appraisal review board reform and taxing transparency.

Chair Darby, who represents nine counties, was the most sympathetic to the arguments of local government last session. In property-poor counties, there will be occasional budget bumps. For instance, each murder prosecution will set a county back an estimated \$1 million.

"Our county officials must have the ability to raise the revenue necessary to do that," Darby said. "Rep. Shine uses 'unfunded mandates.' I prefer to use the term we have essential services that have no income stream appropriated by the legislature, but they're still important."

Darby added that most jurisdictions already could meet the 2.5 percent revenue growth cap. To put a 4 percent cap in place would simply be a challenge for most jurisdictions to put more into a budget and tax at the maximum rate each year.

"The city and county officials will just raise their rates right under that cap to build reserves so they don't have to have rollback elections when it's time to provide those services," Darby said.

When Darby was on the *San Angelo City Council*, 85 percent of the city's budget went to police and fire. And if Council wanted to keep better officers, they had to commit to pay raises.

“Why should we in the legislature cram down an artificially imposed rate on them to provide those services?” Darby said. “I’m not going to force an election on them for some artificial rate that we deem publicly and politically necessary. What’s the rationale on that?”

Darby was not as enthusiastic as his colleagues about the property tax relief bill that finally passed the House last session. The bill passed out of committee because it was something the House needed to get out. But it wasn’t something that provided actual tax relief.

“It was being sold as tax relief,” Darby said, adding the House knew the bill would fail as soon as it hit the Senate. “It was nothing more than tax reform, at a minimal rate.”

Shine, who’s now in the second of two stints in the House, said he prefers to look at inefficient programs to cut before he moves on to talk about tax cuts. He’s already gathered stakeholders in the interim and plans to file several bills that still put a premium on local control.

“What we’ve got to stay away from next session is ‘hostaging’ legislation,” Shine said. “I’m already hearing a little rumble. We have some disaster relief legislation, we have some appraisal review board reform. We have bills on transparency, and, yes, we’re going to debate rollbacks. What we don’t need is to leave after this next session without giving some sort of property tax relief.”

By Kimberly Reeves

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