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## Setting the record straight on tax debates

By State Rep. Ernest Bailes, House District 18 Published 1:24 pm, Sunday, December 17, 2017

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As your state representative, I address a wide range of issues on a daily basis. Throughout the district, I find property taxes to be the #1 issue for most people in HD18. I want to give you an update on property tax reform debated during this past legislative session. And, I want to set the record straight about my support of tax reform. There were two main property tax plans put forth this past session:

(1) The Senate Property Tax Plan proposed to lower the rollback rate (the maximum annual tax increase) from 8 to 4 percent, which would trigger an automatic election if that 4 percent rate was exceeded.

The 4 percent rollback gave government the arbitrary ability to raise taxes every year by 3.99 percent without repercussions or providing real justification. In fact, the senate plan would not have lowered your taxes one single cent! This proposal offered no help for taxpayers, and even knowing I would be accused of voting against tax relief (and my naysayers haven't let me down), I did not support this plan as it offered no relief, pure and simple.

(2) The House Property Tax Plan proposed to lower the rollback rate from 8 to 6 percent, with an automatic election if that 6 percent rate was exceeded, and included a "No New Revenue Tax Rate." This was the key to real property tax relief. To explain simply: If appraisals go up, which would generate more tax revenue, the "No New Revenue Tax Rate" would go down, preventing an increase in tax revenue. It is comparable to balancing a scale. Unlike the Senate plan, this plan would have prevented the arbitrary ability to raise taxes each year as we are currently experiencing. Key emphasis would be placed upon the local rate setting process and the process by which a taxing entity must outline their additional revenue needs for the next fiscal year. Prior notification must be given for a public hearing to discuss these changes and vote upon their approval. The tax rate could only thereafter be set, by dividing the agreed upon revenue need upon those taxable properties within that entities authority. This transparency ensures accountability on all levels which is non-existent under the current structure. The result: common sense tax relief.

I strongly supported the House Plan and voted for it. However, neither of the presented tax plans made it through both chambers. So, back to the drawing board.

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Recently, I sat in on a panel discussion at a Texas Taxpayers & Research Association meeting that centered around Property Tax issues. Some believe we should do away with property taxes altogether.

One option is to replace the current system with an increased sales tax, but that plan brings its own unintended consequences. A few include:

1. Taxing of more goods and services which don't currently have sales taxes. This would include things such as groceries, medicine, utilities, the plumber coming out for repairs, etc.

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2. It is estimated that to make the sales tax plan work, we would see an increase at nearly 20 percent.
3. Also, few areas in our district have an adequate sales tax revenue to provide for our local needs, leaving us even more reliant upon the state.
4. Many school districts in HD18 are already reliant upon Austin for funding through the "Robin Hood" system which takes taxes from property wealthy districts and sends to property poor districts. The Texas Supreme Court has ruled this system to be a severely flawed plan which needs to be addressed.
5. Likely, this type of "Robin Hood" plan would be instituted to redistribute sales tax monies, creating yet another problem.

There are many unintended consequences with each proposed solution. That is why I firmly believe the best answer is for The State of Texas to properly fund public schools with the tax dollars available and quit pushing the burden back onto local homeowners.

For Reference: In 2012, the Legislative Budget Board showed local property taxes for schools totaled almost \$20.5 billion with the state allocating \$17.4 billion. By 2016, local property taxes for schools hit \$25.6 billion, with the state allocation totaling \$19 billion. As this trend goes, it is disastrous for local taxpayers.

So, to set the record straight: Although my naysayers would have you believe I voted against property tax relief, that is wrong! The facts are: I voted against the Senate tax relief plan, which offered no real tax relief. Instead, I voted for the House plan which offered true tax reform and relief for taxpayers. I go back to the old saying: right is right and wrong is wrong. As we all know, it is one thing to say you want to address property tax reform and totally different to actually do something about it.

I made the right vote for the people of HD18 and for all taxpayers in Texas. I am committed to the people I serve, and I am committed to this issue. I will leave the political "gotcha" game for others to play.

So, the next time you are told I voted against tax relief, or that I "conspired to shut off debate, killing meaningful property tax reform efforts," you now know the truth.

As always, I welcome your input and questions. Together, we can do good things for HD18. You may reach my office at 936-628-6687 or email at [district18.bailes@house.texas.gov](mailto:district18.bailes@house.texas.gov).

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