



## PROPERTY TAX CONTROL & LOCAL GOVERNMENT GROWTH

Whereas, several bills have been introduced into the Texas Legislature to defend homeowners from skyrocketing appraisals and the subsequent higher taxes, particularly SB 182; and

Whereas, local taxing authorities including cities and counties are raising their budgets annually by appraisal creep and SB 156 is an attempt to control this growth; and

Whereas, “Local Control” has given way to “Local out of Control” and communities should refocus priorities; and

Whereas, the Lubbock County Republican Party Platform, adopted in 2014, is explicit about implementing this exact property appraisal cap to a 5% cap in appraisals; and

Whereas, the following bills have been filed to relieve property taxes:

### APPRAISAL CAPS

**Senate Bill 182:** Tax appraisals for homes wouldn’t be able to rise by more than 5 percent in a year.

**Current law:** Tax appraisals for homes cannot increase by more than 10 percent in a year.

### REVENUE CAPS

**Senate Bill 156:** An election to lower the property tax rate would automatically be triggered if a city or county’s property tax revenue grew by more than 4 percent in a year, not counting taxes on new construction.

**Current law:** If a city or county’s tax revenue from existing property grows by more than 8 percent in a year, residents can petition to have a rollback election.

Now, therefore, be it resolved that the Executive Committee of the Lubbock County Republican Party strongly urges the Texas State Legislature to adopt these common sense bills, SB 182 or similar, and SB 156, to defend our hard working and overburdened homeowners. We also stress that these bills do not go far enough and should be expanded to protect rental property and commercial property from skyrocketing appraisals.

We compel our legislators to vote for these bills and recommend that they co-sponsor and enhance the legislation to further protect the taxpayers, as per the LCRP Platform.

Passed this day \_\_\_\_\_, 2015

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Chairman, Lubbock County Republican Party

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Secretary, Lubbock County Republican Party

7. **Property Tax Reforms:** Until ad valorem taxes are abolished, we recommend these reforms to make them less offensive:
- Values should be established by the last bill of sale on a property, not on unrealized estimates from other sales in the area which may not be comparable.
  - We implore the Texas Legislature to implement further appraisal controls to include decreasing the annual cap on residential property, and to implement a cap on the reappraisal of commercial property. We recommend these caps at 5% for residential Property and 10% or lower for commercial property. Lower percentages or other concepts such as a 3 year averaging should also be considered.
  - Prohibit the current appraisal district practice of including realtors' commissions on property sales as part of the value which artificially drives up reappraisal creep on all surrounding property. We urge legislators to repudiate any attempt to create a real estate transaction tax.
  - Central Appraisal District Boards should be elected by voters in the district, not appointed by school board members, county commissioners or city councils that represent the taxing entities that benefit from the increased tax revenues derived from appraisal hikes.
  - Because of the regressive nature and impossibility for fairness, we urge outright repeal of property taxes on inventory for resale, goods in transit, or work in progress which would spur economic growth sufficient to offset the revenue loss from such tax exemptions through increased sales taxes and other revenues from the resulting increased business activity.
8. **Internet Taxation:** We oppose any taxation on Internet commerce.
9. **End "Gas Tax" Fund Diversions:** We urge the Legislature to immediately stop the diversion of any "gas tax" funds above those allowed by the Texas Constitution. The laws of the State of Texas should be amended to, without exception, prohibit the diversion of any portion of the "gas tax" funds from roadway or highway construction and maintenance.
10. **Tolls on Existing Roads:** We support the legitimate construction of toll roads in Texas, but we oppose converting existing state and federal roads to privately owned toll roads without voter approval.

### SECTION III: UNITED STATES ENERGY POLICY

1. **United States Energy Policy:** The foundation of our United States Energy Strategy must be to eliminate dependence on foreign sources for energy. Regulation and rulemaking must be cooperative, preserving the economy while promoting environmental preservation. We encourage Congress to: not support windfall profit tax; repeal oil and gas severance and production taxes; stop promulgation of unnecessary environmental regulation; and promote all energy production including, Keystone Pipeline, ANWR, offshore California, and the East Coast, while minimizing environmental impact.
2. **Abolish the EPA:** We urge Congress to abolish the Federal Environmental Protection Agency.
3. **Man-made Climate Change:** We oppose taxes and regulations imposed based on the unproven and fraudulently promoted threat of man-made climate change.

## **State Politics**

### **Patrick's push to curb property taxes has Texas cities, counties worried**



Ralph Barrera/Austin American-Statesman

New Lt. Governor Dan Patrick's plan to curtail property taxes has Texas cities and counties worried about revenue.

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Staff Writer

For three straight legislative sessions, cities and counties have successfully lobbied against attempts to limit growth in their property tax revenue.

But this year, those local governments are worried that their winning streak could end. The senator who led those attempts in 2009, 2011 and 2013 was Dan Patrick, now the lieutenant governor. And he's made clear that he'll push for "property tax relief" again.

And again, cities and counties are teaming up to fight the idea. Dallas County says its top legislative priorities are blocking "appraisal caps" and "revenue caps." Dallas City Manager A.C. Gonzalez said the possibility of such caps is one reason cities feel threatened by the Legislature. The Texas Municipal League and the Texas Association of Counties are both on record as opposing legislative efforts to cap local property taxes.

"This is right up there among all of our top issues," said Bennett Sandlin, executive director of the Texas Municipal League.

#### **Closer look at caps**

The argument in favor of the caps is simple. Property tax bills are based on two factors: the tax rate and the value of the property being taxed. Since property values regularly increase in well-to-do areas, tax revenues go up even if the tax rate stays the same. That, critics say, allows cities and counties to have their cake and eat it, too: They collect more money through property taxes, even as elected officials boast that they didn't raise the tax rate.

Cities and counties argue that they need the added revenue to accommodate continued growth.

Appraisal caps and revenue caps are two of the most popular ideas to curb property taxes. Appraisal caps limit the amount that the taxable value of a home can be raised each year. Revenue caps make it harder for governments to raise overall tax revenue without voter approval.

In the past, local governments have succeeded in convincing lawmakers in Austin that such ideas would be catastrophic to county and municipal budgets. But Patrick could be a tougher sell. In 2003, before he assumed elective office, he helped organize busloads of activists who headed to the Capitol to demand strict limits on property tax revenue growth. Last year, he made property tax relief one of his top two campaign pledges.

Patrick declined through a spokesman to comment for this article. But in a news conference last month, he said the Senate would be looking at "real tax relief now, and [at] bringing down the value increases that are beyond the reach of many homeowners to keep up with."

Two bills have been filed in the Senate to accomplish that. One by Robert Nichols, a Jacksonville Republican, would cap annual increases in tax appraisals at 5 percent. The other, by Paul Bettencourt of Houston, Patrick's Republican successor in the Senate, would effectively reduce the amount of growth in property tax growth by lowering the "rollback" tax rate.

### **Revisiting rollbacks**

Under current law, cities and counties can't collect more than an additional 8 percent in property taxes on pre-existing properties without opening themselves to the possibility of an election to lower the tax rate — to roll it back.

Bettencourt's bill would reduce the rollback rate to 4 percent and require any city or county that exceeds that threshold to automatically hold an election. (Currently, citizens must petition to put rollback elections on the ballot.)

"The pot is really boiling on this issue across the state," Bettencourt said.

Still, he acknowledged, getting from bill to law is a challenge. The Senate leadership has changed, but any measure would also need approval in the House, where such proposals have died in the past.

### **Lobbying efforts**

City and county officials say they will work to educate lawmakers on the problems caps could bring. The messages vary across the state.

The Texas Municipal League has argued that cities and counties don't deserve the blame for growing property tax bills. City taxes make up only 16 percent of the taxes levied across the state, while schools account for 55 percent of all property tax bills statewide, the organization says.

"Our message is that we are not the problem," Sandlin said.

And leaders of fast-growing cities and counties say they need property tax revenue growth to pay for new roads, sewers and other infrastructure. Caps on how much appraisals grow could simply force cities to increase the tax rate, opponents of the bills say.

Dallas County Judge Clay Jenkins said he worries that the caps would mostly help the rich. Property values tend to rise faster in the wealthier parts of town, he said, so those homeowners are the ones who would benefit most from a cap on appraisals.

"It is disguised as a tax break for all, but it is actually a shift from the upper class to the rest," Jenkins said.

### **IN THE KNOW: Two approaches to capping taxes**

There are two ways that new legislation could limit growth in city and county property taxes. Here's a look at bills that take each approach, and how they compare with current law:

#### **REVENUE CAPS**

**Senate Bill 156:** An election to lower the property tax rate would automatically be triggered if a city or county's property tax revenue grew by more than 4 percent in a year, not counting taxes on new construction.

**Current law:** If a city or county's tax revenue from existing property grows by more than 8 percent in a year, residents can petition to have a rollback election.

#### **APPRAISAL CAPS**

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