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## **“How Much Government is Enough?”**

Last Wednesday, the Senate Select Committee on Property Tax Reform and Relief held a public hearing in San Antonio. The committee heard testimony from several witnesses who perceive problems with the property tax system in Texas. That testimony, unsurprisingly, included the recommendation to impose revenue caps on cities.

Several witnesses, including city officials and business groups, voiced their opposition to revenue caps. One member of the committee, Senator Van Taylor (R – Plano), asked multiple witnesses who expressed concern with revenue caps an important question: “How much government is enough?” Though the question appeared to imply that those against revenue caps supported increasing the size of government, the question (and its answer) actually highlights the reason why revenue caps are such a bad idea.

“How much government is enough?” is a question that each city council discusses every year when setting a city budget. The answer is discussed in multiple meetings over the course of a month, sometimes longer. It’s discussed in city council meetings, budget workshops, and public hearings on the budget and tax rate, not to mention local restaurants and grocery stores. City councilmembers are elected because they are trusted to be able to listen to their constituents and put in the hard work and long hours to make sure the city government is run in a way that reflects the needs of the community.

Is an eight minute police, fire, or emergency response time considered to be too much government? Does a city have too much government if it repairs all of its major streets? Or is maintaining local parks for city residents “too much?” City officials, with input from their citizens, answer these questions based upon any number of city-specific factors.

Revenue caps are an attempt to undermine the relationship between city officials and their constituents. They are a declaration that city officials lack the capacity to adequately determine the level of taxation within their city. In reality, city officials are in the best possible position – much better than a state officeholder – to gather all the relevant information and make informed decisions regarding the size and role of their level of government.

The Committee's San Antonio hearing was one of six that are planned in different locations across the state. The Committee will hold the second of its on-location meetings at the University of Texas Rio Grande Valley Regional Academic Health Center in Harlingen on Thursday, February 11, 2016. The agenda is available [here](#).

The League encourages all concerned city officials to testify because it is imperative that the Committee hear about the detrimental effects of revenue caps. The League has prepared [talking points](#) to assist city officials with their preparation.

Please contact Shanna Igo, the League's Director of Legislative Services, at 512-750-8718 or [sigo@tml.org](mailto:sigo@tml.org) if you plan to testify and/or have questions.

## **The League's Message on Property Tax Reform "Road Show:" Revenue Cap is a Diversion from Legislative Failings**

*The following is an op-ed by TML President-Elect Mary Dennis, mayor of the City of Live Oak. It was published in the January 26, 2016, edition of the San Antonio Express-News, the day of the first Select Committee hearing.*

When politicians fail to perform their duties in a responsible manner, do they typically publicly admit their failing or look for someone else to blame? Unfortunately, the blame game is the more likely response.

And that is one reason for creation of a Texas Senate committee on property taxes that is bringing its road show to San Antonio this week: to blame cities and counties for high property taxes and divert attention from the Legislature's failure to adequately meet the needs of one of the fastest-growing states in the nation.

The Senate leadership has already made it clear they once again will try to pass a law in the next legislative session to restrict local control over city and county budget decisions by imposing revenue caps that limit the ability of locally elected officials across Texas to fund the services their voters want.

Texans pay some of the highest property taxes in the nation, but city property taxes are not the cause. Texas cities — and there are more than a thousand cities in the state — only collect about 16 percent of the property taxes paid each year in Texas. The most recent figures from the state comptroller show that about 55 percent of property taxes go to school districts and school district tax collections increased at twice the rate of city property tax collections.

The reason for high school-property taxes is the state's failure to fund its share of the cost of education. It is a well-known fact among those versed in the state's Robin Hood school finance system that legislators depend on rising property valuations and higher local property taxes to shrink the amount of state revenue they must budget for schools.

If legislators want to make a meaningful reduction in property taxes, there is a very simple solution: Increase the state's share of funding public education and reduce its reliance on local property taxes.

Currently, if a Texas city increases property tax collections by more than 8 percent over the previous year, voters can petition for an election to rollback the increase. Bills have been introduced in past legislative sessions to replace that 8 percent "rollback rate" with a revenue cap requiring an election to approve any increase over 4 percent — all with the false claim that this would provide property tax relief.

The truth is that taxpayers in most cities would see no reduction in their city property taxes from revenue caps while the average homeowner in some cities might get a reduction in their city taxes of \$20 or \$30 for the year.

In the city of Live Oak, where I have the honor of serving as mayor, this year we were able to reduce our property tax rate from \$0.51 per \$100 of valuation to \$0.467691, a reduction of more than 8 percent.

Had a 4 percent revenue cap been in effect over the past decade, the city of San Antonio would have lost more than \$250 million in revenue needed to provide necessary services to its growing community. But the average homeowner in San Antonio would have seen a reduction in city taxes of only \$44 per year - or \$3.67 per month.

State officials should stop trying to fool Texans into believing that imposing revenue caps on cities would give meaningful tax relief because city taxes are not the problem.

State officials have no responsibility for providing vital city services like police and fire protection, trash collection, sewage treatment, street maintenance and many others. And, unlike many other states, Texas' state government provides no funding to help cities pay for those services.

Furthermore, the state often tries to shift some of its fiscal responsibilities to the local level. In much the same way that the state has forced school districts to pay a greater share of the cost of education, it has also demanded that cities and counties pick up an increasing share of the cost for building state highways.

As long as our state relies on local governments to meet the needs of our rapidly growing population, the state should continue allowing locally elected officials the flexibility to determine their own budgets. Local officials are closer than state officials to the taxpayers who will hold them accountable for tax rate increases.

State officials should stop trying to hide their own failings behind this smokescreen of blaming local governments for high property taxes. Cities are not the problem, and revenue caps are not a real solution.

## **Licensed Carry Confusion Continues**

The Senate State Affairs Committee met last Tuesday to discuss the following interim charge:

*Monitor the implementation of open and campus carry legislation and determine if the current laws regulating the places that handguns can be carried are easily understood or if clarification is needed to ensure the average citizen understands when, where, and under what circumstances it is lawful to carry a weapon, versus when it is a criminal offense for which there may be a defense.*

The Committee heard invited testimony from university chancellors, prosecutors, open carry advocates, and groups asking for the sensible regulation of guns. Of particular interest to cities, the confusion surrounding licensed carry in and around courts was discussed, including possible ideas for legislative clarification next session. (Previous [articles](#) provide a more complete discussion of the guns in courts problem.)

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