

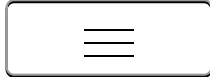
my Monday, April 7, 2014



Austin American-Statesman

Hi, TPPF | [Sign Out](#)

70°
H: 72° L: 51°
[Weather](#)
[Traffic](#)



Feedback

▼ LATEST HEADLINES ▼

[HOME](#) / [NEWS](#) / [OPINION](#)

Resize text A | **A** | A

Wohlgemuth: Sales Tax Relief Fund would benefit all Texans

Posted: 12:00 a.m. Sunday, April 6, 2014

BY ARLENE WOHLGEMUTH

Texans like to dream big. The Texas comptroller's recent estimate of a \$2.6 billion surplus for the 2014-15 biennium is both a clear indication that Texans are taxed too much and an opportunity for the Texas Legislature to help Texans realize those dreams by reducing the state's tax burden.

Returning tax money to overtaxed Texans so they can build their dreams is the right thing to do. Therefore, the Texas Public Policy

In this Section

[The sound of civil rights: 19 songs that kept the movement going](#)

[Houston man charged following Saturday night accidents](#)

Foundation proposed last week the creation of a Sales Tax Relief Fund, a vehicle that lawmakers can use to temporarily buy down the state sales tax rate using surplus funds. Not only does it get money back to taxpayers, it also helps break the habit of spending every available tax dollar to grow government in years of plenty.

If legislators create this vehicle next session, they will help get government out of the way and let more Texans—especially those of modest means—keep more money in their pockets.

Using the Legislative Budget Board's budget numbers that include two constitutional amendments for water and highway projects and uncertain Medicaid costs, the foundation calculates the state will spend a total of \$202 billion during the current 2014-15 biennium.

With more Texans employed, the unemployment rate of 5.7 percent is a full percentage point below the national average. State sales tax revenue increased last year by 7.2 percent and has increased for a remarkable 47 consecutive months through February 2014. If every penny of tax revenue is spent, legislators will risk having to raise taxes during tough economic times to balance the budget, rather than allowing Texans keep their hard-earned dollars.

This is contrary to the conservative fiscal policy approach that advocates for pro-growth policies. It also lets people, rather than the government, keep more of their money.

Imagine if lawmakers had the opportunity to restrain the growth of government by using excess tax revenue to provide state sales tax relief through the relief fund. This vehicle would be simple to

[Abbott: Review of old arson cases is legal](#)

[American-Statesman named Texas' newspaper of the year](#)

[LBJ Foundation funds Civil Rights Summit and much more at presidential library](#)

[Map, basic timeline of mass shooting released by Fort Hood officials](#)

[Carrabba's founder Damian Mandola back in Hays County jail](#)

[Travis High baseball team celebrates unlikely 1954 state championship](#)

[Civil rights struggle links LBJ, Lincoln and Obama in history](#)

[A 9-month-old arrested for attempted murder?](#)

activate after it's created and benefit all Texans by paying a lower, highly-visible sales tax rate.

One avenue of funding would be for legislators to appropriate excess tax revenue into the relief fund, which would allow lawmakers to “spend” tax dollars on Texans instead of growing the size and cost of government. This is a vital missing link in the current appropriations process that if filled will benefit taxpayers.

Another source of funding would come from tax dollars that exceed the state's Economic Stabilization Fund cap. That fund is funded by severance tax collections from a rapidly expanding oil and gas sector. Today, if the cap is reached, any excess funds are returned to general revenue for additional spending.

The Texas Comptroller projects that the Economic Stabilization Fund will reach an ending balance of \$8.1 billion by August 2015, which is moving closer to the cap of \$14.4 billion. If the two constitutional amendments were not passed and other funds weren't taken from the Economic Stabilization Fund last session, the budget board projected in April 2013 that the balance would reach \$11.8 billion, increasing the odds it will exceed the cap in the near future.

With these funding sources flowing into the Sales Tax Relief Fund, the statute creating it would authorize the Texas comptroller to temporarily lower the sales tax rate based on the previous fiscal year's state sales tax revenue.

For example, state sales tax revenue was \$25.8 billion in fiscal 2013. With the tax rate of 6.25 percent, each quarter of a cent of sales tax brought in about \$1 billion in tax revenue. Assuming

there was \$1 billion in the relief fund, the comptroller could lower the sales tax rate to 6 percent for one year and replenish any lost dollars in general revenue with these funds. When the year is over, the sales tax rate would go back to its original level.

Creating the Sales Tax Relief Fund would mean a noticeable and real reduction in the state sales tax that benefits all Texans. It's important that our neighbors and communities keep more of what they earn. After all, in a state of big dreamers, those resources plus Texan ingenuity are the stuff dreams are made of.

Wohlgemuth is the executive director and director of the Center for Health Care Policy at the Texas Public Policy Foundation. She served 10 years in the Texas House of Representatives, specializing in health care issues.

PREVIOUS: **TRAFFIC**

Traffic Report, 4/7/14

By Staff - Special to the American-Statesman

NEXT: **OPINION**

Moorhead: Minority Cancer Aw...

By Bee Moorhead

Popular on MyStatesman.com

[MacPherson runs down a first, grabbing third Cap 10K victory](#)

[Drought reasserts itself in Central Texas](#)

[Carrabba's founder Damian Mandola back in Hays County jail](#)

[Busico: Navigating the end of 'separate but equal' in Georgia](#)

[With fracking sites in Central Texas, water could become...](#)

All Comments (1)

Post a Comment

Comment(s) 1-1 of 1



candid

[Report](#)

Why pay taxes at all, lets privatize everything and charge user fees. That way no one would pay any tax to benefit other people. Who needs public services anyway, and an added benefit would be to never have to see another column of whining about any kind of tax from Ms. Wohlgemuth.

The state is doing just fine with toll roads, just wonderful and convenient for every Texan. Who needs public education, or public roads or public transportation, privatize the police and fire department, private EMS service only, it would be heavenly.

11:20 a.m. Apr. 6, 2014

Comment(s) 1-1 of 1



Read Today's Paper Online

Still like to read the newspaper in the familiar page-by-page format? Great news! Digital versions of today's paper are available on your computer or tablet. And it's included in your subscription.

[Learn More](#)

[Read](#)



We're Listening

We hope you're enjoying MyStatesman.com, our premium website exclusively for subscribers. Please tell us what you like and what we can do to make it even better by completing a brief survey.

[Take The Survey](#)

NEWS

[MyStatesman.com](#)

[Sign up for Newsletters](#)

[Investigations](#)

[Sign up for Mobile Alerts](#)

[Obituaries](#)

[Austin360.com](#)

[News Tips](#)

[Statesman.com](#)

[Archives](#)

[PolitifactTexas](#)

[Newsroom Directory](#)

[Hookem.com](#)

[¡ahora sí!](#)

CUSTOMER SERVICE

[Subscriber Services](#)

[Website feedback](#)

[Contact Us](#)

[Technical Support](#)

[Subscribe](#)

[FAQs](#)

[Digital Products](#)

[Our Community](#)

[Get Access](#)

[Work Here](#)

MARKETPLACE

[Marketplace](#)

[Cars](#)

[Jobs](#)

[Homes/Real Estate](#)

Advertise with Us

SOCIAL MEDIA

Twitter

Facebook

Pinterest

Google+

Tumblr

© 2014 [Cox Media Group](#). By using this website, you accept the terms of our [Visitor Agreement](#) and [Privacy Policy](#), and understand your options regarding [Ad Choices](#).