

Time for a Property Tax Trigger

Homeowners and businesses are struggling under the weight of Texas' property tax.

In 2015, more than 4,100 taxing jurisdictions levied \$52.2 billion in property taxes, an increase of almost \$12 billion over the past five years. On a per-capita basis, Texas' property tax imposed a burden of \$1,900 on every man, woman, and child in the state and cost a family of four nearly \$8,000.

Compared to other states, Texas' property tax burden is clearly elevated. According to the Tax Foundation, the mean effective property tax rate on owner-occupied housing in Texas ranks as the 6th highest nationally while local property taxes collected per capita rate as the 14th highest in the U.S.

Property tax bills in the Lone Star State are not just big, they're also growing quickly. From 2000 to 2015, population and inflation increased by a combined 82 percent. In contrast, property taxes levied statewide soared by 132 percent over the same period, pummeling homeowners and businesses in the process.

Soaring property tax bills are putting an enormous strain on Texans. Many long-time residents can no longer afford to stay in their homes while a myriad of mom-and-pop shops are struggling to keep their lights on and doors open. The system is obviously broken and Texans yearn for a fix—that much is revealed in the latest poll from the University of Texas and the *Texas Tribune*.

According to the new UT/TT poll, conducted February 3–10, 2017, the top priority among the 1,200 adults surveyed was

"lowering property tax bills for homeowners," which ranked as the first choice among 20 percent of all respondents. A close third in the poll was *"continuing to limit government by approving no new spending and no new taxes,"* which ranked as the top choice for 16 percent of all respondents.

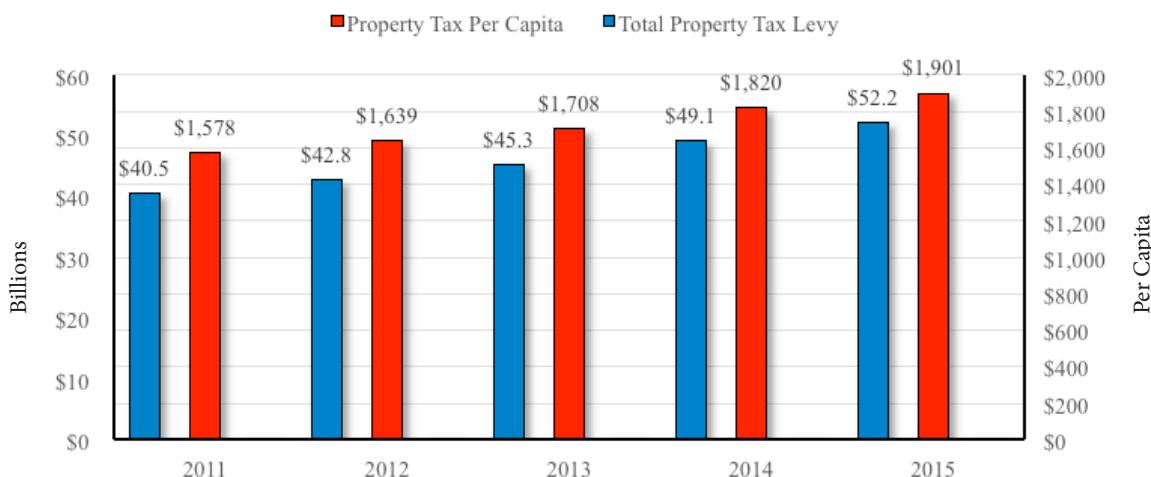
Time for a Trigger

The public is clearly interested in reform and so too is the Legislature. Already, a score of bills are working their way through the legislative process to fix various aspects of Texas' broken property tax system. Of these, some of the most promising involve establishing a "trigger" that would allow for more public participation in the property tax process.

Broadly speaking, proposals to establish a trigger center on reducing the rollback tax rate, from its current 8 percent threshold to 4 percent or less, and calling for an automatic election in the event that property tax revenues grow beyond the new threshold.

While some have sought to label this type of reform as a "cap," it can be more adequately thought of as a trigger since the affected governmental entity is not prohibited from seeking more and higher revenues but rather must simply secure majority approval in a public election. By structuring the process in such a way, legislators can improve accountability at the local level while also empowering voters to better decide on issues affecting affordability.

Struggling to Keep Up With Texas' Property Tax



Source: Texas Comptroller of Public Accounts, U.S. Census Bureau