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LEGISLATOR'S GUIDE to the Issues

Supermajority Requirement to Raise Taxes

The Issue

Because taxes burden Texans, legislators should not raise taxes unless there is a broad consensus. The challenge for conservatives is to develop a tax system that collects sufficient revenue to pay for the preservation of liberty while doing the least economic harm to Texans.

The state's current tax system is [projected to collect \\$107.1 billion in 2018-19](#), 97% more than the [\\$57.8 billion it collected in 2004-05](#). By comparison, the compounded growth rate of population and inflation over this period is expected to be only 63%. This suggests that the tax system collects more tax revenue than taxpayers should afford, reducing economic growth and job creation.

The state tax that generates the most revenue is the sales tax; it is expected to account for 58% of total tax collections in 2018-19. Compared with other major taxes, research finds the sales tax is the least intrusive, allows more choices, and is simple to understand and administer. Hence, a sales tax is the most efficient while causing the least economic harm.

Fortunately, Texas does not have a personal income tax. Research shows that the past 10-year economic performance of the nine [states without an income tax surpasses](#) that of the nine states with the highest personal income tax rates and the 50-state average.

To limit rising tax burdens on Texans, lawmakers should pass legislation requiring a two-thirds supermajority of the Legislature to raise taxes instead of the current simple majority threshold. [Texas lags behind 14 states](#) on a voting threshold for raising taxes, according to the National Conference of State Legislatures.

For multiple sessions, [Senate Joint Resolution 27](#) was filed but never passed. It would have achieved the goal of requiring a

supermajority vote “for passage of a bill that imposes a new state tax or increases the rate of an existing state tax above the rate in effect on the date the bill was filed.”

Considering taxes affect taxpayers and with so much at stake—jobs, the economy, and Texans’ financial well-being—legislators should enact a higher threshold to raise taxes or pass a new tax.

The Facts

- A sales tax is preferable because it is simple, transparent, and levied only on the end-user.
- The 10-year economic performance of the nine states without a personal income tax surpasses the economic performance of the nine states with the highest personal income tax rates.
- Because taxes burden Texans, they should be raised with only a broad consensus.

Recommendations

- State and local governments should rely on the sales tax as their main source of revenue.
- Pass legislation requiring a supermajority (two-thirds) vote in each chamber to raise taxes or create a new tax.

Resources

[The Freedom to Own Property: Reforming Texas' Local Property Tax](#) by Kathleen Hunker, James Quintero, and Vance Ginn, Texas Public Policy Foundation (Oct. 2015).

[How Big Government Hurts the Economy](#) by Chuck DeVore, Nicholas C. Drinkwater, Arthur B. Laffer, and Stephen Moore, Texas Public Policy Foundation (Nov. 2013).

[Testimony Regarding Senate Joint Resolution 27](#) by Talmadge Heflin, Texas Public Policy Foundation (April 22, 2013).