



Testimony

SB 1 Property Tax Reduction

Testimony before the Texas Senate Finance Committee

by Rod Bordelon

Chair Nelson and Members of the Committee:

My name is Rod Bordelon, and I am with the Texas Public Policy Foundation (TPPF) testifying in favor of Senate Bill 1 by Senator Bettencourt.

TPPF has consistently advocated for broad-based property tax relief for Texas taxpayers, and SB 1 would provide that relief in a meaningful and responsible way by using available state surplus funds to “buy down” or compress school maintenance and operations (M&O) property tax rates.

Specifically, the bill would provide at least \$2 billion of compression for the 2022-23 school year and up to an additional \$2 billion contingent upon a certification by the comptroller of available surplus revenue in 2022. This would provide a tax rate reduction of at least 6.6 cents and up to 13.2 cents. This is on top of the \$6 billion compression provided in the current budget, which was adopted in the last regular session.

This methodology follows a template similar to a TPPF proposal that we continue to propose and which would permanently reduce school M&O taxes to zero over time by utilizing surplus funds each year. The Texas Legislature’s last regular session adopted a spending cap that limits the growth of future budgets to the growth rate of population times inflation. Since 2012 the average rate of population growth times inflation was just over 6%. By contrast, in that same period, the average growth rate of General Revenue-Related (GRR) funds was in excess of 9%. If that trend continues, the state would have approximately 3% of general revenue growth available each year for such property tax compression.

Depending upon how much of that surplus would be allocated toward property tax relief, the school M&O tax could be entirely eliminated in as little as 20 years (see [Lower Taxes, Better Texas](#), by Vance Ginn, PhD; James Quintero; and E. J. Antoni, PhD).

A recent poll released by TPPF shows that 76% of Texans state that property taxes are a major burden on their families, and over 82% say it is a serious issue for Texas. Texans are calling for tax relief and SB 1 provides it, or at least an installment of it.

Thank you, and we look forward to working with you on this topic.

ABOUT THE AUTHOR

Rod Bordelon is a senior fellow and policy director for the Remember the Taxpayer campaign at the Texas Public Policy Foundation. He is an attorney and regulatory and legislative affairs consultant with over 30 years of experience in insurance, workers’ compensation, and health law. He is an 11-term gubernatorial appointee, former commissioner of workers’ compensation, and former public insurance counsel.

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