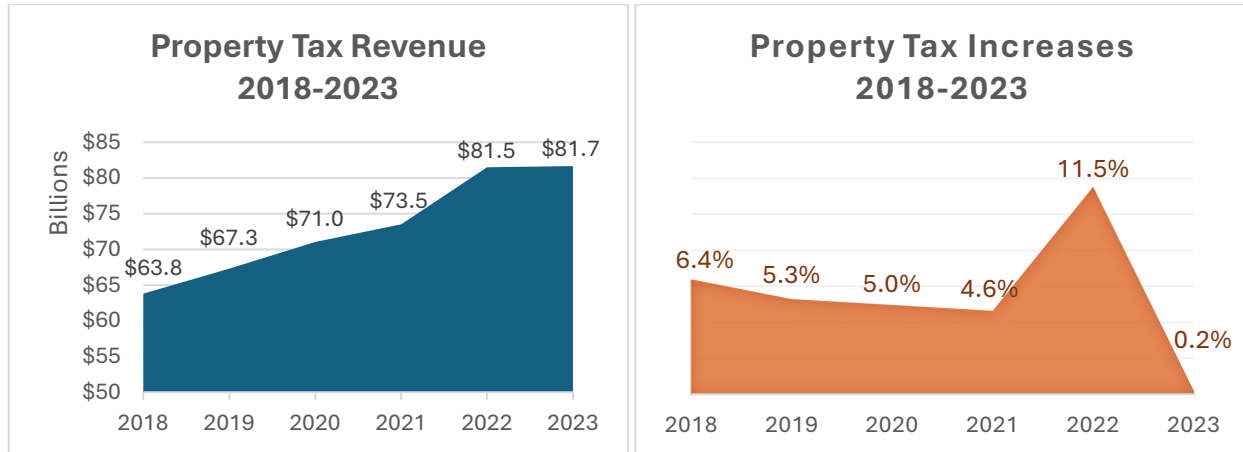


Current Property Tax Relief Efforts are Not Working

Bill Peacock

Since 2019, the Texas Legislature has dedicated \$18 billion to property tax relief. These efforts have failed because 1) they don't stop local school and government property tax hikes and 2) they do not dedicate enough taxpayer money to relieving taxpayer's property tax bills. Even last session's \$12.7 billion only reduced school property taxes by \$4.1 billion.



Recommendation: Eliminate the school M&O property tax by using compression only. Compression is the only viable option for eliminating the school M&O property tax. The homestead exemption is a political solution because it creates a bifurcated system that relieves pressure on the Texas Legislature to eliminate the school M&O property tax and stop the rapid growth of county, city, and special purpose districts property taxes. The homestead exemption is not a practical solution; it costs less than compression because it addresses less than half of the property tax burden. This allows the state to spend money on other things that should be dedicated to property tax relief.

Comparison of Total Appropriations of State Funds: 2021 to 2023			
2021	2023	Increase	Property Tax Relief
\$164,039,000,000	\$233,303,281,068	\$69,264,281,068	\$12,700,000,000

Recommendation: Eliminate the school M&O property tax by 1) freezing the school M&O property tax levies, 2) requiring local taxing entities to get voter approval for ANY increase in property tax revenue (capped at 5%), 3) limit state spending growth to 2% annually and use 90% of the resulting surplus to buy down school M&O revenue to \$0.

Annual Cost of Fully Eliminating Property Taxes (2023)		
School M&O Tax	All School Property Taxes	All Property Taxes
\$31,848,364,011	\$39,810,455,014	\$81,659,681,299