



Testimony on Senate Bill 2: The Property Tax Reform and Relief Act of 2019

by the Honorable Ellen Troxclair, Senior Fellow

Hi, I'm Ellen Troxclair, and I completed my service as a member of the Austin City Council just last month and am speaking as a senior fellow with the Texas Public Policy Foundation. During my four years in office, concerns, questions, and true worry about rising property taxes were the single most frequent issue that my constituents contacted me about.

When I thought about what I wanted to talk about here today, I thought I could tell you about the Johnson family, who paid \$1,880 in property taxes just five years ago. But this year, they **received a bill for a whopping \$9,100**. The Johnsons were forced to make the difficult decision to uproot their family and relocate.

Then, I thought I could tell you about Deborah, the sales associate who helped me pick out this dress, who pleaded with me, "Please tell them we can't take it anymore. I'm almost 60, and my husband and I have owned our home for less than 10 years. But our property taxes have doubled. We will be forced to sell, but when we do, we'll only start the cycle all over again and be in the same position in another 10 years. **We feel trapped and don't know what to do.**"

Or the countless local businesses, like Threadgills, Frank & Angie's, and Frisco's, that have been forced to shutter their doors for good under the crushing weight of their property tax bills.

But, ultimately, I know you have heard and felt the impact of rising property taxes on **your neighbors, your communities, and your families** just like I have. Addressing this critical issue will require the Legislature to act holistically, addressing school and local government impacts on rising property tax bills, just as **SB 2** proposes.

Statewide, property tax increases have greatly outpaced population growth. An LBB report from 2014 noted that property taxes have gone up across Texas at a rate of **5 to 1** when compared to population, highlighting that **local governments do NOT need all of this additional revenue in order to keep up with growth.**

In fact, the exact opposite is true. Fast growing cities like Austin are shoveling in new revenue each year from new construction, sales taxes, development fees, and other revenue that bolsters city coffers. The city of Austin brought in **nearly \$50 million more than last year before raising property taxes a single penny**. And yet, they've turned back to the residents for nearly 8 percent tax increases a shocking 8 out of the last 12 years.

So, let's talk numbers. If we take the difference between the 2.5 percent rate proposed here and the tax rate that the city of Austin adopted this year, it is approximately \$22 million. Twenty-two million dollars of "lost revenue" out of a \$4 billion budget. **This represents about one half of one percent of the annual budget.** So, when you hear panic about not being able to make it work, keep in mind that this is a tiny percentage that we're talking about here. Local governments can and should look to things like cutting nearly \$1 million contracts for cleaning one single toilet, doing away with a handout for \$8,000 if you send an email saying you're starting a business, or re-evaluating the \$167 million solar contract **before they will look to cutting basic city services like public safety or transportation.** To put it in perspective, if we were talking about our personal budgets, we would likely cut back on Starbucks before we stopped paying our mortgage.

Let's talk about local control. Allowing voters to weigh in on tax increases over 2.5 percent each year only strengthens what is the **ultimate local control—empowering citizens to play a stronger oversight role in the government elected to serve them.**

While there have been arguments that this bill won't actually cut taxes, **we are talking about real people saving real money.** The property tax issue is one of a compounding effect that happens over decades. If this bill passes, the average homeowner in Austin would save thousands of dollars over the next 10 or 20 years compared to what they could owe under the current law.

This is a property tax *restraint* bill that codifies the true Texas values of limited government and fiscal responsibility into our state statute.

While some argue that the high tax policies receive a stamp of approval from the voters when local elected officials who put them in place are up for re-election, the reality is that **no one runs on a platform of increasing taxes.** Rather, misleading claims about lowering the tax *rate* abound, despite the fact that property taxes actually went up. This is confusing and unfair to voters.

Not to mention that turnout in local elections often hovers around a measly 5-7 percent in some of our largest counties, which can hardly be construed as a mandate. The transparency measures included in this bill will go a long way in providing clear and accurate information to Texans.

Ultimately, we have come to a tipping point for Texans who are being taxed out of their homes and businesses and feel powerless to stop it. The rollback rate was increased to 8 percent in 1981 due to high inflation, with discussion about reducing the rate once inflation decreased. It's time to make good on that commitment.

By passing this bill, you are taking on the daunting but imperative task of offering true property tax restraint to people like Deborah, the Johnsons, and all the others just like them across Texas. ★



Ellen Troxclair is a senior fellow in the Think Local Liberty project at the Texas Public Policy Foundation, working to enact meaningful property tax reform at the state level, providing sustainable relief from rising property taxes to all Texans.

After serving as a chief of staff in the Texas Legislature, Troxclair was elected to the Austin City Council, where she was an unwavering advocate for efficient and accountable government.

As a councilmember, Troxclair implemented the city's first homestead exemption, providing property tax relief for homeowners across Austin; reformed the city's hotel occupancy tax program to allocate more funding to parks, public safety, and historic sites; and advocated for common sense transportation solutions. She served as the chair of the Audit and Finance Committee and represented Austin on the Capital Area Council of Governments. Additionally, as the chair of American City County Exchange, a national organization for local elected officials and private sector members, she furthered transparency and effective government across the country.

Troxclair has a degree in business from the University of Texas.

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