



SB 462

Testimony Before the Senate Committee on Property Tax

by James Quintero, Director

Chairman and Members of the Committee:

My name is James Quintero, and I am the director of the Think Local Liberty project at the Texas Public Policy Foundation. Thank you for the opportunity to address the committee today on [Senate Bill 462](#). I am here to testify in support of the bill.

As mentioned previously, the purpose of SB 462 is to improve transparency in the debt issuance process—something that is sorely needed.

The current system does not provide voters with sufficient information to make an informed decision in the voting booth when deciding on new debt.

Generally speaking, voters are only provided with two items of information at the point of decision-making: a short paragraph of legalese that broadly describes the project(s) and the principal amount at stake. While these two elements are certainly important, they are hardly enough on their own, especially if it's the only information that a hard-working Texan has at the ready.

Because voters are not afforded an adequate level of detail in the voting booth, many people do not make the connection between new debt and new taxes. This point is famously reinforced by a 2014 interview conducted by the [Austin American-Statesman](#) with Gretchen Gardner.

Per the *Statesman*:

“I’m at the breaking point,” said Gretchen Gardner, an Austin artist who bought a 1930s bungalow in the Bouldin neighborhood just south of downtown in 1991 and has watched her property tax bill soar to \$8,500 this year.

“It’s not because I don’t like paying taxes,” said Gardner, who attended both [property tax town hall] meetings. **“I have voted for every park, every library, all the school improvements, for light rail, for anything that will make this city better. But now I can’t afford to live here anymore.”** [emphasis mine]

Ms. Gardner’s comments serve as a good reminder that the current system falls short. Had Ms. Gardner been provided with a greater level of detail in the voting booth and better understood the connection between funding new projects and the imposition of new taxes, then perhaps she might have voted otherwise and her circumstances been different.

Ms. Gardner is certainly not alone. Many Texans are equally disadvantaged by the process, which could also help to explain why there’s been such a high passage rate in recent election cycles in spite of concerns over skyrocketing property taxes.¹

Clearly, there are improvements needed to the current system. That’s why legislation like SB 462 is so important.

¹ In a November 2018 article, [The Bond Buyer](#) reported that “amid a record turnout for a midterm congressional election, voters across Texas approved more than 97% of the \$8.73 billion of bonds on local ballots Tuesday....”

As introduced, SB 462 will create a greater level of government transparency in the process by requiring future bond propositions to specify the following:

1. The purpose for the debt obligation;
2. The principal amount of debt to be authorized;
3. That taxes may be imposed to pay the annual interest and principal;
4. The aggregate amount of outstanding principal of existing local debt; and
5. The debt service portion of the property tax rate for the political subdivision at the time the election is ordered.

Providing voters with this level of detail will help Texans better decipher bond election language and understand the financial implications of new debt. In other words, it will help people make more informed decisions by giving them more information and context.

Structural changes like this are needed if Texas is ever to truly get a handle on its local government debt problem.² Only by making sure that voters have access to more and better information in the voting booth—of the same variety that individuals and families rely on to make household spending decisions—can we be certain that Texas stays on the path to prosperity.

James Madison, a Founding Father and the fourth president of the United States, perhaps said it best: “Knowledge will forever govern ignorance: And a people who mean to be their own Governors must arm themselves with the power which knowledge gives.”

Thank you for your time, and I look forward to your questions. ★

² According to the [Texas Bond Review Board](#), Texas’ local debt per capita ranks as the second highest in the nation when compared with the top 10 most populous states. Only New York’s local debt per capita ranked higher.



James Quintero is the director of the Think Local Liberty project at the Texas Public Policy Foundation. He’s been featured in the *New York Times*, *Forbes*, the *Huffington Post*, Fox News, and Breitbart.

Since joining the Foundation in 2008, Quintero has focused his research efforts on state and local government spending, debt, taxes, financial transparency, annexation, and pension reform. Quintero received a bachelor’s degree from the University of Texas at Austin and an M.P.A. with an emphasis in public finance from Texas State University.

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