



Opportunity Remains for Real Property Tax Cuts this Legislative Session

A Summary of the "State of Play"
April 12, 2019

The Problem

- Texans pay too much in property taxes because of excessive government spending.
- Current legislative proposals would not bring real property tax cuts that are substantial, long-lasting reductions.

The Opportunity

- The Texas Legislature could repurpose \$5 billion of the taxpayer funds currently in HB 1 for permanent property tax relief.
- This would also maintain the Legislature's two-session-long fiscal restraint, according to Conservative Texas Budget guidelines.

Proposed Scenarios

- As the chart below illustrates, using Austin housing values and property tax rates as an example, property taxes continue to climb under the status quo, as well as under Scenario 1 (2.5 percent tax election trigger, excluding debt increases) and Scenario 2 (4 percent tax cap, including debt increases) with a 4-cent cut to school districts' M&O tax rate in both scenarios.
- Only under Scenario 3 (2.5 percent election trigger and at least a 7.4-cent cut to school districts' M&O tax rate) would homeowners experience a real cut to their property taxes.
- Scenario 3 uses the \$5 billion currently in HB 1 to provide substantial, long-lasting property tax reductions as outlined in the Foundation's [Abolishing the "Robin Hood" School Property Tax](#).

Scenarios of Property Tax Liability Changes from 2019 to 2020

Housing/Policy Changes	Status Quo	Scenario 1: Trigger Excluding Debt	Scenario 2: Cap Including Debt	Scenario 3: Real Cuts Plan
\$150,000	+\$185	+\$16	+\$61	-\$78
\$301,000	+\$372	+\$20	+\$111	-\$178
\$500,000	+\$618	+\$25	+\$176	-\$310
Election Trigger	8%	2.5%	4%	2.5%
Cut M&O Rate	--	4 Cent	4 Cent	7.4 Cent

The Path Forward

With 70 percent of Texans clamoring for real cuts to their property taxes, Scenario 3 offers the best path forward—and has the additional benefit of eliminating school districts' M&O property taxes entirely within a decade.