



Valley Morning
Star
Harlingen, TX
Circ. 27323
From Page:
9
4/28/2004
92740



22 220 180 269

Panels discuss school finance options

By **EMMA PEREZ-TREVINO**
The Brownsville Herald

AUSTIN — As Senate and House committees discussed a lengthy list of potential tax revenue sources to fund public schools, lawmakers vented frustration at the lack of consensus in the special session that reconvened Tuesday.

The House Select Committee on Public School Finance and the Senate Finance Committee discussed imposing a statewide property tax, increasing sales tax and taxing video slot machines — moves that would generate about \$1 billion in additional state revenue.

They also discussed a \$1-per-pack cigarette tax increase, eliminating franchise taxes, creating a tax on amusement venues, newspaper subscriptions, inserts, access to the Internet and also creating a payroll tax on businesses.

Differing opinions have caused extended discussions as legislators try to find a consensus.

"We are either going to see a bill come out of this committee before the end of the week, or we are going to see a meltdown," said Rep. Rene Oliveira, D-Brownsville, a member on the House committee. "I'm frustrated and tired. It's been battle after battle and trying to get people to reconsider their positions and trying to get common ground. That's been very hard."

Legislators also addressed proposals for taxing data processing and information services, public relations services, automobile maintenance and repair, increases in vehicle tax and taxing services for legal, accounting, construction, real estate brokerage, architectural, engineering and other occupations.

The extensive list concerned

Sen. Eliot Shapleigh, D-El Paso, a member of the Senate committee.

"Would you tax water?" Shapleigh asked Byron Schlomach, chief economist with the Texas Public Policy Foundation who was outlining potential taxable services during the Senate committee's hearing.

"Unfortunately, what I see is the radical right that is running the state getting focused around consumption taxes, and what they'll do is switch the property tax to a sales tax, which will increase net taxes in Texas because you can't deduct it," Shapleigh said after the hearing. "We won't really do much with the schools (when) people get focused around a very small incremental approach."

Near the end of the workday, more division instead of consensus was accomplished as both

See **SESSION** ★ A11 /





Valley Morning
Star
Harlingen, TX
Circ. 27323
From Page:
11
4/28/2004
92740



SESSION

FROM A9

groups continue to work on Gov. Rick Perry's proposals to generate funding to finance public schools.

Even legislators who aren't members of either committee saw the turmoil within the ranks of Democrats and Republicans alike.

"It's hard to read the House right now. As far as (is known) right now, there is no consensus on what actual direction the entire committee wants to go," Sen. Eddie Lucio Jr., D-Brownsville, said.

"Even on the floor of the Senate this afternoon, when I went around talking to the senators and visiting, they are not excited about the business activity tax," he said, referring to a proposal that would tax business services. "Many Republican friends of mine are saying that (the business activity tax) will kill business. There are so many things being thrown back and forth. I'm going to wait to see what happens with the House.

Representatives from gaming interests testified before the Senate committee. They dis-

cussed gaming on Indian reservation lands and the horse-racing industry, lobbying strongly for video lottery terminal.

Lawmakers from both sides of the aisle argued about the social and negative effects of gaming on families and their children — the same group lawmakers purport to help.

"At a time when we are looking at teaching our children good decision-making habits, in terms of drugs and alcohol, and overall good health habits, I can't imagine that we would in good

conscious afford expanding a behavior that could be equally devastating to our children and to the family (the child) lives with," Sen. Jane Nelson, R-Flower Mound, said.

On the proposal to increase vehicle taxes, Rep. Mike Krusse, R-Round Rock, shook his head.

"We place a higher tax rate on cigarettes and on liquor, and I guess on gambling we will, but I don't think buying a car is a sin," Krusse said, referring to the term "sin taxes" commonly attributed to Perry's proposals.

"I think that when you have people that want to do massive

property tax relief, which I think is too much too soon, you don't leave yourself any choices but raising taxes in other areas to replace that income," Oliveira said.

"At the same time, we are under the pressure of trying to do more for public schools, trying to get a teacher pay raise, which we still do not have, and (trying) to put more money in education, which we need," Oliveira said.

Rep. Juan Manuel Escobar, D-Kingsville, also vented frustra-

tion on the committees' lack of progress.

"Based on what I perceive, they are not going quick again," Escobar said. "If we were going to call a session here with all the money that is being spent, we should have been prepared with more things so we can get on with the business on handling what is in the best interest of the children in the state, which is why we are here. Nothing else."

Escobar said he has heard estimates from experienced lawmakers that they could be in Austin from 30 to 90 days.