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Does Texas need an income tax?

Some say it's the only way to fund schools, but most officials disagree

By **BOBBY ROSS JR.**
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A monster lurks in Texas' closet — it makes voters scream and politicians hide.

But is a state income tax really that scary?

As Texas deals with its troubled school funding system, a few lawmakers and business leaders dare to suggest that an income tax represents the best and only foolproof way to pay for public education while relieving homeowners' heavy property tax load.

"It's not going to happen today, but it is going to happen or we're going to drive our state into a Third World-type country," said Scott McCown, executive director of the Center for Public Policy Priorities, an Austin-based group that studies issues affecting low-income Texans.

Republican Gov. Rick Perry and most state lawmakers — Democrats and Republicans — oppose making Texas the 44th state with some form of an income tax.

But Sen. Eliot Shapleigh, D-El Paso, and Rep. Eddie Rodriguez, D-Austin, are undeterred. Both openly push for a broad-based income tax — or the "I word" as some

legislators call it.

"It used to be that you didn't even say the word. You'd go into the dark of night and whisper it," said Jerry Polinard, a political scientist at the University of Texas-Pan American in Edinburg. "Now, it's starting to be talked about."

Rep. Lon Burnam, D-Fort Worth, filed a bill this month that would put a



Eliot Shapleigh



Eddie Rodriguez

3 percent income tax on the estimated 13,000 Texans who make \$1 million or more a year.

"None of them live in my district," quipped Mr. Burnam, who estimates that his plan could generate \$388

million a year.

Asked whether he would support an income tax for everybody, Mr. Burnam replied, "I'm not ready to go there yet."

He's not alone. Political analysts agree that serious consideration of an income tax in Texas remains unlikely.

Supporters of an income tax argue that it's tied to residents' ability to pay, deductible from federal in-

come taxes and a steady revenue source.

Opponents counter that an income tax could drive away business from the state, fuel a bigger government and lead to a vicious cycle of tax increases.

Perhaps tellingly, Texas lawmakers' recent discussion of raising the state sales tax rate — already one of the nation's highest at 6.25 percent — drew barely a whimper of protest.

"Of course, all taxes are unpopular, but the least unpopular tax is the sales tax because it's not a hidden tax," said Jim Riddlesperger, a Texas Christian University political scientist.

Some say the sales tax unfairly hurts the poor because it takes a higher percentage of their income than the rich.

However, when one shopper chooses designer jeans at Dillard's and another buys a cheaper brand

at Wal-Mart, each pays the same sales tax rate, said Michael Quinn Sullivan, spokesman for the Texas Public Policy Foundation, a conservative think tank based in San Antonio.

"Try as hard as you might, you can't buy a team of CPAs to get you out of paying the sales tax, which is what you see a lot of the time on an income tax," Mr. Sullivan said.

Some school finance experts and political observers say Texas eventually may have no choice but

to enact some type of income tax.

"I don't see how Texas can possibly provide adequate funding for education and property tax relief unless a major source of revenue is found," said Larry Picus, a University of Southern California school finance expert. "Your sales tax is already pretty high. The obvious, and I would argue most fair, approach is an income tax."

Mr. Shapleigh, the El Paso senator, touts an income tax in a traveling road show, using Kansas' tax structure as an example. Kansas' graduated income tax rate ranges from a low of 3.5 percent to a high of 6.45 percent, based on what people make.

The same system imposed on Texas would raise \$34.6 billion over two years, enough to drastically cut property tax rates while putting \$11.5 billion more into education, Mr. Shapleigh said.

Mr. Rodriguez, the Austin representative, has a Web site, Texas-taxrelief.com. Homeowners can plug in their personal information and see how much they might save by replacing property and sales taxes with an income tax that puts more burden on the rich.

When Mr. Rodriguez's constituents learn that an income tax would cut a "chunk" of other taxes, he said, nine out of 10 like the idea.

"The other one thinks I've just escaped from the loony farm," he said.

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