

## Senator's quest for tax risks blasphemy

### Shapleigh on mission to enact state income tax to fund schools

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By KAREN BROOKS / The Dallas Morning News

AUSTIN – Like a traveling preacher trying to convert a nation, Sen. Eliot Shapleigh is waging a battle to turn an enormous political tide all by himself – one congregation at a time.

Playing David in his one-man road show: A statewide income tax that he and an increasing number of unlikely disciples say is the only fair and reliable way to fund public education.

The Goliath: A state population that has always hated the idea of an income tax and Republican leaders convinced that voters would call out the lions if they so much as talk about it.

In light of the Legislature's failure to solve the problem of school finance, Mr. Shapleigh said he believes it's long past time for lawmakers to give the idea of an income tax a fair and open debate in the Capitol.

The special session could end as early as this week; it's up to House Speaker Tom Craddick and Lt. Gov. David Dewhurst. They can end the session whenever they wish, and Mr. Craddick already said he thinks that nothing more will be accomplished.

"Every day the message gets more clear," Mr. Shapleigh said. "To me, it is clear that Texas does not invest enough in public education. Until Texas takes that step, I plan on delivering these presentations."

Mr. Shapleigh, 52, is used to carrying the flag for unpopular ideas. The El Paso Democrat is one of the most liberal members of the Legislature. He champions higher social and health spending in a state dominated by conservative Republicans.

But by tying this proposal to issues that are the source of so much frustration for Texans and their lawmakers – schools and property taxes – and by waging a tireless speaking tour, Mr. Shapleigh believes he can swim against the tide.

Over the past 2 ½ years, the lawyer and El Paso native has taken his presentation to 72 audiences in schools, community centers, hotel meeting rooms and universities.

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HARRY CABLUCK/AP  
State Sen. Eliot Shapleigh's idea for an income tax has little support in the Legislature. But his presentations to more than 70 audiences over the past 2 1/2 years have won over some people.

He starts off extolling the virtues of highly paid teachers and illustrating the gaps in funding between poor schools and rich schools. He tells his audience that 43 other states have an income tax.

Then, he notes that under current proposals, according to the state comptroller, poor and middle-class Texans would see a tax hike while the richest Texans would be the only ones to see their tax burden go down. And he tells them that an income tax would mean that 70 percent of Texans – all those earning less than \$65,000 a year – would get a tax cut.

Then he goes for a conversion with this line: A state income tax would be deductible from federal taxes and, unlike those levies, couldn't be raised without a vote of the people.

Most in his audiences are skeptics. Yet at the end of an hour, many come to believe that they've just discovered the only real way to pay for a faltering public-education system.

And sometimes – even in Republican-dominated suburbs, and even in front of desperate school officials looking for a more immediate solution – Mr. Shapleigh gets a standing ovation.

"Until about a year ago, I would have been the very first person at the front of the line in the charge against an income tax," said Brownsville financial consultant David Merrill. "His actual presentation reinforced my conviction that it is something that should be brought into the public debate, into the limelight and into the Legislature."

His efforts inspired the creation about five months ago of the Citizens Commission on Education Excellence, dedicated in part to mobilizing the grass roots in favor of an income tax to improve the school system.

At the helm: Mike Nixon, the chief financial officer for an Austin-based construction company and self-described conservative.

For now, there is no counter-campaign, no statewide effort to fight an income tax, because opposition is still so ingrained in the politics and psyche of Texas that few naysayers feel threatened by Mr. Shapleigh's efforts.

Opponents view Mr. Shapleigh as more of a snake-oil salesman, peddling false hopes to a desperate public.

They say that even though the constitution requires a vote of the people before the tax could be increased, politicians will inevitably raise other state and local taxes, punish working people and squelch job growth.

They also say that while an income tax would bring more money into the state, the questions remain: Do Texas schools need more money, or do they need to be more efficient with what they already have?

"Fundamentally, an income tax is not a good way to generate revenue from an economic perspective," said Michael Quinn Sullivan of the Texas Public Policy Foundation, an Austin-

based conservative group. "You can bring in a lot of cash, but you end up hurting a lot of people. Every state that has an income tax has a higher tax burden than Texas does. It's not a good trade-off."

Even Mr. Shapleigh's most ardent supporters recognize the uphill battle he faces before he can even think about winning even a debate in the Legislature.

"I admire Eliot's tenacity and his courage in being forthright in bringing the issue forward, trying to put it on the table as an option," said Sen. Rodney Ellis, D-Houston. "But I think in the current political environment, it'll be hard for people discuss it."

Some observers note that people warm to the idea of an income tax when assured that politicians can't just do whatever they want with the money.

Mike Baselice, an Austin-based pollster who includes the governor in his clientele, has been commissioned twice in recent years to gauge public opinion on an income tax.

The first poll asked respondents whether they would support a flat 3 percent income tax. Only 22 percent said yes.

The second poll threw in the fact that it's federally tax-deductible and would be dedicated to education and property tax relief. Support jumped to 55 percent.

Those arguments, more than anything else, often change the minds of people who give Mr. Shapleigh an audience. It did that for Duncanville City Council member Grady Smithey, a self-described conservative Democrat who opposed the idea of an income tax until he saw Mr. Shapleigh's presentation a year ago.

"You'd have had to scratch real hard to find five Democrats," he said. But when the presentation was over, he said, the audience "voted unanimously that the income tax was the only way to fund education adequately over time."

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## **THE GOOD AND THE BAD**

A state income tax would face the highest of hurdles in Texas – two-thirds of each house of the Legislature would have to approve a constitutional amendment, and so would a majority of voters in a statewide election. Here are some common arguments for and against such a tax:

### **PRO**

An increase in sales tax results in a higher tax burden for 90 percent of Texans, while an income tax would ensure that 70 percent of Texans get a tax cut.

The state relies too much on property taxes, giving Texas one of the highest property-tax rates in the country.

More than 40 states have an income tax.

The constitution protects taxpayers from politicians that would raise the tax rate as well as use it for purposes other than public education.

CON

It would add one more burden on taxpayers, and politicians would raise other taxes as well to bring in more money.

An income tax hinders job growth, economic development and personal wealth growth.

Wealthy people can shelter their income from taxes, giving them an advantage over lower-income taxpayers.

While an income tax may initially bring in more money, spending more is not the answer to improving public education – accountability is.

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