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APPRAISAL TASK FORCE GIVES RECOMMENDATIONS

By: ROY MAYNARD, Staff Writer

Gov. Rick Perry's Task Force on Appraisal Reform released a list of recommendations that it says could make the property tax appraisal system fairer and could preserve the property tax relief granted by lawmakers in 2006.

The 15-member task force held 11 public hearings throughout the state in recent months to prepare the report.

The recommendations include caps on the growth of local government spending, lower caps on appraisal increases, taxpayer representation on appraisal boards, mandatory disclosure of real estate sales prices and a constitutional amendment allowing local option elections on a half-cent sales tax increase to buy down property taxes.

"Taxpayers know that there is something fundamentally wrong with our current appraisal and property tax system," said task force Chairman Tom Pauken. "Yet because of the confusing and complex nature of the existing process, it is difficult for the average homeowner to determine who is accountable for property tax hikes that are far in excess of the rate of inflation."

Local governments often blame appraisal districts, and appraisal districts respond that they're just determining fair market value of properties, he said.

"One important result that needs to come out of these hearings is greater accountability within the appraisal process itself," he said.

The recommendations are part of a package that should be considered by lawmakers as a whole, Pauken added. Adopting just parts of it could "even make the system worse," he said.

The recommendations are:

- Requiring voter approval for any local taxing entity to exceed the last year's budgeted revenues by 5 percent or more.
- Changing the makeup of appraisal boards to include two taxpayer representatives on the five-member boards, and giving taxpayers new options in challenging property valuations.
- Changing the comptroller's property valuation study.
- Prohibiting by statute any unfunded mandates from the state.
- Requiring sales price disclosure.

In addition, the report recommends two constitutional amendments:

- Allowing property owners to calculate their property taxes using a five-year average of their property's appraised value.
- Lowing the appraisal cap from the current 10 percent to 5 percent, allowing local option elections on a half-cent sales tax increase (with revenues dedicated to buying down property taxes), and doubling the local homestead exemption to \$6,000.

The recommendations would have little effect on school district taxes.

John R. "Bob" Garrett, a Tyler businessman who served on the task force, says the dedicated sales tax is one of the more popular ideas that came out of the public hearings.

"Any movement away from the property tax system is good," Garrett said. "As we discovered, part of the problem is the inherent unfairness of the property tax system. Some will say a consumption tax is regressive, but when property tax bills have increased 55 percent since 2000, it's clear the current system is much more unfair."

The dedicated sales tax option was suggested by state Sen. Kevin Eltife, a Tyler Republican.

"Sen. Eltife's idea was the one that seemed to me to have the most support across the board," Garrett said.

But many of the recommendations are already being opposed by local governments.

The Texas Association of Counties calls the report "vague and rather confusing," as well as "problematic."

The Center for Public Policy Priorities, a liberal-leaning think tank in Austin, says the recommendations are about "keeping taxes unrealistically low, leaving local officials unable to meet local needs," and "shifting those taxes that we do pay off from those with higher income and onto those with lower incomes."

But the conservative-leaning Texas Public Policy Foundation says the report "provides a framework to achieve true taxpayer protection."

East Texas lawmakers say they're still reading the report and will offer their comments soon.

"There's a lot in here," Eltife said late Tuesday.

Perry, who joined Pauken in rolling out the recommendations, said it's too early to say who will be the legislative sponsors.

"Obviously this is a difficult issue to resolve," said Perry, who criticized what he called appraisal creep throughout his re-election bid last year.

Perry said the Pauken proposals would protect Texans from the "silent tax hikes" allowed for in the existing appraisal system.

Roy Maynard covers county government and politics. He can be reached at 903.596.6291. e-mail: roymaynardmt@gmail.com

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