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Appraisal failure for Sunday

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Appraisal creep still creeping after legislative reform bust

Power politics of the toughest kind shaped tax debates in Austin this year, and none of seven initiatives to curb "appraisal creep" and other problems offered by Gov.

Rick Perry's Texas Task Force on Appraisal Reform became law.

There's plenty of blame to go around with fingers pointing at the Texas Municipal League, Texas Association of Counties, Texas Association of Realtors and House Local Ways & Means Committee Chairman Fred Hill, R-Richardson, among other players.

The session finished May 28 was not without achievements, but a bill requiring voter approval for local entities to raise spending by more than 5 percent a year and rescinding the state's authority to cut funding to schools if districts do not raise values ended up in Hill's trash can.

So did plans to outlaw unfunded state mandates to local governments, require price disclosures or market renderings of property sales and give voters the option of enacting a half-cent sales tax dedicated to tax relief on a dollar for dollar basis.

TML Executive Director Frank Sturzl denied his organization unduly influenced Hill, but Texas Public Policy Foundation Fellow Talmadge Heflin said something was obviously afoot because Hill killed dozens of reform bills sponsored by a host of seasoned legislators.

"The TML-TAC networks of local elected officials pound on state representatives and senators and that tends to get their attention," said Heflin, a former Appropriations Committee chairman from Houston. "Hill worked hard to keep any significant appraisal reform or caps on local spending from happening.

"The TAC didn't have as much effect because they had just lost a lawsuit that was supposed to keep Williamson County from spending taxpayers' money for lobbying. They clearly didn't follow the court order, but they were a little more reserved."

Hill said he was concerned about the negation of tax cuts by rising values because he co-sponsored a 2006 bill with Longview Sen. Tommy Williams to make local entities hold two public hearings and then vote before raising taxes above the effective rates at which they produce no more revenues than in the previous year.

Hill said Friday from a vacation site in Montana his committee also made it a Class C misdemeanor for appraisal board members to communicate with appraisers about specific cases. Noting his refusal to consider an appraisal cap decrease from 10 percent a year to 3 percent or 5 percent, he said, "Caps don't do anything for you.

"They put an artificial value on property that has nothing to do with the cost of personnel or the price of a police car or fire truck."

Hill said Dayton Rep. John Otto had his support on a bill that passed the House but failed in the Senate to let school districts set values within 10 percent of market value rather than the current 5 percent. He said districts now often err on the high side to avoid trouble with the comptroller's office.

Hill has announced his January 2009 candidacy for speaker of the House against Speaker Tom Craddick of Midland.

Praising the efforts of Reps. Carl Isett of Lubbock, Dwayne Bohac of Houston and Otto, Craddick said he will go back to work immediately. "I've always been in favor of lower property taxes and, in fact, it was at my urging that Gov. Perry appointed his

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commission," Craddick said Thursday from Austin.

"Unfortunately, the Legislature was so divided that a solution was never found. Over the next few months, I will be appointing new charges and paying particular attention to this subject so we can come up with a successful compromise to benefit Texas homeowners."

Sen. Kel Seliger of Amarillo was disappointed a bill to limit appraisal hikes to 5 percent a year passed the Senate but failed in the House and that his bill to lower severance taxes when the price of oil falls below \$35 a barrel was unsuccessful.

"If we're not going to use market values, what are we going to use?" Seliger asked. "There is nothing sacred about the system, but it is systematic."

Sturzl said the TML liked the commission's plan to end unfunded mandates and beg in price disclosures for residential and commercial property sales, but there was no option to separate those plans from the rest of the package.

Other commission goals were to let taxpayers be assessed on a five-year rolling average of values and change the makeup of appraisal boards to two public representatives, two taxing entities' appointees and the elected assessor.

"We were fine with some ideas, but when they got tied together we ended up in opposition to it," said Sturzl. "Costs naturally go up if your population increases and requiring a vote of the people for property tax revenue increases would cause all kinds of problems."

"The Texas Association of Realtors was probably more opposed to it than we were."

State Rep. Buddy West of Odessa said his attempts in past sessions to tie value fluctuations to increases in the cost of living index "got shot down real quick" because the lobbies are much better organized and funded than homeowners, although Houston taxpayers made their feelings known this year.

"There were small groups of property owners but no large groundswell, at least not in this part of the country," said West.



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