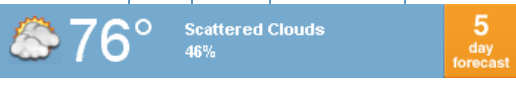



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Web-posted Sunday, August 3, 2008

Sales tax may fund education Property-tax reform sought

By Enrique Rangel
Globe-News Austin Bureau

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AUSTIN - The House Select Committee on Property Tax Relief and Appraisal Reform has heard plenty of suggestions on how to improve the current system of collecting property taxes which finance public schools.

"It would hurt mostly the poor and the middle class who spend a big chunk of their income paying for goods and services."

- Rep. Joe Heflin, D-Crosbyton

But one suggestion, the brainchild of a small but vocal group of fiscal conservative Republicans, is to fund public education with a sales tax instead of property taxes.

"It's a proposal we should seriously consider," said Rep. Bryan Hughes, R-Mineola, a leading proponent of replacing the property tax with a sales

tax.

"The people I talk to, and I don't have a wealthy district, like the idea," Hughes said. "Everybody is worried about property taxes and they think this is the fairest way. We should not punish people for working hard."

Hughes estimates between 30 and 40 legislators support the idea, mainly members of the Texas Conservative Coalition. The coalition describes itself as an advocate for limited government, individual liberty, free enterprise and traditional values.

Aside from Hughes and GOP legislators such as Reps. Dan Flynn of Van, Wayne Christian of Center and Phil King of Weatherford, no more than a dozen lawmakers have actively championed the proposal.

"It's the fairest way to collect revenues," said Flynn, a member of the House committee coming to Lubbock and a Texas Conservative Coalition board member. "We'd rather have a consumption tax than property taxes."

But Rep. Joe Heflin and other legislators, mainly Democrats, don't see the proposal going anywhere.

"It's a regressive tax to me," said Heflin, D-Crosbyton. "It would hurt mostly the poor and the middle class who spend a big chunk of their income paying for goods and services."

The sales tax would be so high - at least 20 percent - that Texans living near another state would cross the border to shop, Heflin said.

Currently, the Texas sales tax rate is 6.25 percent, according to the state Comptroller's office. However, local taxing jurisdictions (cities, counties, special-purpose districts, and transit authorities) may also impose sales tax up to 2 percent for a total maximum combined rate of 8.25 percent.

Rep. Jose Menendez, D-San Antonio, said that if the sales-tax advocates knew they had the votes they would push for their proposal.

"Even most Republicans don't like it," Menendez said. "They know it would hurt their districts."

Dick Lavine, senior analyst at the Center for Public Policy Priorities, an Austin-based think-tank which advocates for needy Texans, said that in the 2003 session, when the Legislature had a \$10 billion shortfall, Rep. Talmadge Heflin, R-Houston, chairman of the House Appropriations Committee, tried to include the proposal as an amendment to a bill. It was killed on the House floor.

"That was the only time they made a strong push to replace the property tax with a sales tax," said Lavine, who calls the idea "the wrong answer for Texas families and public schools."

Heflin, who is not related to Joe Heflin, was defeated the following year while seeking re-election.

Now the director of the Center for Fiscal Policy at the Texas Public Policy Foundation, an Austin-based free market think tank, Talmadge Heflin said in a recent interview he remains convinced that replacing the property tax with a consumption tax is the best way to finance public education.

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Sen. Robert Duncan, R-Lubbock, a member of the Senate Finance Committee, said lawmakers need to know more about the proposal.

"I think you'd have to look at it to see how it really works," Duncan said. And it could be a tough sell because Texas already has one of the highest sales taxes in the nation.

"The only problem is that our sales tax in Texas when you combine everything is really high," Duncan said. "We are very regressive with our sales tax because we don't have an income tax."

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