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Spending, not revenue, is the issue

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Our View: Reform property tax system? Yes – but creating new tax without putting caps on growth in spending is recipe for disaster.

Homeowners in Montgomery County and across Texas have been squeezed each year by rising property values, and the Legislature appears to be listening, if work taking place on the issue between sessions is any indication.

A variety of solutions to the ever-increasing burden of property taxes have been floated, some good, some OK. Among the solutions being floated by local legislators are some good ideas, including improving truth in taxation; dumping the property value studies conducted by the Texas Comptroller's Office, which some legislators believe forces local appraisal district to aim high on their appraisals; developing a uniform and consistent cycle for appraisals for all districts; and between districts; changing the process for selecting members of local appraisal review boards; and appraisal caps.

All of the above are some potentially fruitful ways to bring out-of-control property taxes under control.

But there are some other proposals that, although well-intended, could be dangerous – such as discussions to open the door for sales taxes to help fund counties and school districts.

The idea has some wisdom, but the danger is that it doesn't attack the core problem: growth in spending. If state, local and federal governments aren't forced to rein in spending, then shifting to different sources of revenues could amount to little more than re-arranging the deck chairs on the Titanic.

That's why we support efforts to place absolute caps on government spending, forcing governments to restrain spending in relation to actual needs, driven by rising costs due to inflation, and rising demands through population growth.

The Texas Public Policy Foundation has done some good work examining the growth in spending by all levels of government, particularly state and local. Recently, in a piece penned by Talmadge Heflin and James Quintero, the foundation looked in particular at property taxes and the growth in government spending. During the 1990s, according to the Foundation's research, property taxes in Texas grew an average of 6.1 percent every year. But starting in 2000, those taxes jumped dramatically. From 2000 to 2006, property tax levies increased by an annual average of 8.4 percent. Between 2000 and 2006, taxpayers were levied with a total of \$204 billion in property taxes – in 2006 alone, according to the foundation, local governments took in over \$35.5 billion in property tax revenue, costing every single resident of this state \$1,602.95.

Meanwhile, however, wages and income exhibited nowhere near the same amount of growth. From 2000 to 2006, for example, state property tax levies increased by 58 percent, while personal income grew only 39 percent.

It's a fact that increased spending by all levels of local government routinely exceeds the percentage growth of population and inflation. For that reason, we think the answer is not to simply shift the means of tax collection, or broadening it through devices such as local sales taxes. The real problem is growing government spending. Find a way to control that, and you've found a real way to reduce the burdens on taxpayers, and ensure that government takes in no more than it needs.

Editor's note: The copy of The Courier your holding in your hands today exhibits some changes in format that we hope readers will approve of, including a narrower, more manageable paper in their hands. It is a format change that is taking place across the newspaper industry, and The Courier, along with other Houston Community Newspapers, is joining in that change. It is just one of many changes in news presentation and content – including the growth in our presentation of news and information online – that The Courier and

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