

# Star-Telegram

## Heflin: Texas can end the property tax

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**BY TALMADGE HEFLIN**

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If you're a homeowner in Texas, hopefully you've already paid your property taxes. Miss today's deadline, and what was already a hefty and growing tax bill will become even larger.

The Texas Legislature and our last two governors have acted in good faith to reduce property taxes, but the combination of rising property valuations and local government excesses has caused property taxes to continue their surge. So what can our state do to relieve this burden?

Last spring, the Texas Public Policy Foundation asked Arduin, Laffer & Moore Econometrics, LLC, to answer this question. "How can Texas eliminate the burden of property taxes and still meet the needs of Texans?" Their answer: a broad-based sales tax.

By broadening the sales tax base and adjusting the rate, "lost" property tax revenue could be replaced with additional sales tax revenue, thereby getting rid of the need for property taxes.

A major burden on homeowners and businesses could finally be lifted -- and would require only relatively modest changes.

If the state were to eliminate property taxes today, for example, and replace them with a broad-based sales tax, the rate could be as low as 9 percent, if it taxed all services that are taxed in at least one other state. This adjustment would be revenue neutral. In other words, it would generate the same amount of money for state and local governments as the current system.

Or the newly adjusted sales tax rate could be set at 12.5 percent, which would tax the current base plus the sale of property and, again, still generate the same amount of revenue.

Whatever policymakers decide, the research clearly shows that abandoning the property tax system is not only possible, but it is relatively simple. And there are a number of economic incentives to do so.

Their research demonstrated that personal income, a measure of the state's wealth, in Texas could increase by as much as \$3.3 billion in the first year. Over five years, the state's wealth could potentially see gains of \$52 billion.

In addition to creating a wealthier society, "the proposed tax reform would lead to a net gain of new jobs, during a five-year horizon, between 127,700 and 312,700 over the job growth Texas would have had if no tax reform were implemented."

This fact alone -- generating between 100,000 to 300,000 jobs -- should be enough to give people pause and reconsider how we pay for government.

The tax swap could also help de-bureaucratize local governments around the state. Right now, more than 3,700 local governmental entities -- cities, counties, school districts -- administer a property tax. With the elimination of this system, these resources could be focused elsewhere.

Perhaps the greatest incentive, though, has nothing to do with creating wealth, adding jobs to the state's economy or reducing the size of government. It has to do with individual liberty.

So long as Texas' property tax system remains in place, no man or woman who owns a home or operates a business or has property of any kind will ever truly own what they possess.

Right now, all of us rent from the government. Indefinitely.

Failure to pay your local property taxes in Texas means that the government has the right to seize your property, whether you own it outright or not. Is this the kind of system we want?

Owning property is a fundamental right of every Texan -- of every American -- and there are better ways to raise money to pay for government than threatening to take the homes and businesses of our state's residents.

And if we can improve our economy and create jobs in the process, is that not all the more reason to do so?

It is time to abandon the property tax system and, in the process, make ourselves all the better for it.

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