



Texas Legislature's
TEA Party Caucus
Advisory Committee



May 29, 2013

To the Honorable Rick Perry, Governor of the State of Texas:

The just-ended legislative session grows government too much and offers too little tax relief.

The 83rd Texas Legislature appropriated about \$22 billion more in General Revenue (GR) and Economic Stabilization Fund (ESF) spending than did the 82nd Legislature two years ago, a 26 percent increase.

Even with this large amount of revenue available, the Legislature failed to achieve the \$1.8 billion marker that you set down earlier this year. HB 500, the main tax cut vehicle this legislative session, amounts to only \$714 million in tax relief—much of which is temporary and dependent on certification of available funds by the Comptroller. The only permanent tax relief is in the \$1 million exemption for small business, worth about \$387 million in the coming biennium. The other half of this tax measure, the phased 2.5 percent and 5 percent rate cut, is temporary, expiring in 2016 and resulting in a one-time tax cut of \$327 million.

It is not surprising that the Legislature failed to provide adequate tax relief given the level of spending in the several appropriations bills that passed this session. For instance, HB 1025 drew down \$1.75 billion from the ESF to undo the delay in education funding passed in 2011, even though GR funding for this has already been appropriated in HB 10.

A much better use of funds from the ESF would be a \$1.8 billion reduction in the state sales tax. This could readily be achieved by reducing the state sales tax rate by 0.25 percent. If delayed by four months into the fiscal year, this would meet the \$1.8 billion goal.

The challenge is if HB 1025 becomes law with the \$1.75 billion appropriation from the ESF, there will be little chance to implement this or any other tax cut that would reach your original goal of \$1.8 billion in tax relief. If funding is available, however, an expanded call in the special session would be able to address these shortcomings.

Governor Perry, Texans want less government growth, not more. For instance, 94 percent of Texas voters in the 2012 Republican Primary supported the ballot proposition that called for “limiting any increase in government spending.” This proposition came in almost a point higher than the proposition supporting the repeal of ObamaCare.

Thank you for your efforts to put the interests of Texas taxpayers above that of special interests. We look forward to continuing our work with you on keeping the American Dream alive and well in Texas.

Signatories:

Americans for Prosperity-Texas
Americans for Tax Reform
Grassroots America We the People
San Antonio TEA Party
Texans for Fiscal Responsibility
Texas Public Policy Action
Texas Public Policy Foundation
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