

Let People Prosper

TPPF Recommendations vs. The Legislature's

The Problem

The State of Texas spends too much and Texans are paying skyrocketing tax bills.

Attempted Solution

The Texas Legislature has gotten the ball rolling and both chambers propose essential property tax reform. However, the House and Senate's 2020-21 budgets exceed the Conservative Texas Budget (CTB). The House allocates \$9 billion to public education and temporary tax relief, while the Senate allocates \$6.3 billion to public education and temporary tax relief.

A Better Strategy

The Conservative Texas Budget sets limits on the state's 2020-21 total budget growth to no more than population growth plus inflation of 8 percent. Within this constraint, we recommend limiting general revenue (GR) spending at 4 percent, or \$4.5 billion this session, and using 90% of the remaining GR, or \$4.1 billion, to permanently compress the maintenance and operations (M&O) school district property tax rates each session until that tax is eliminated.

Conservative Texas Budget: \$234.1 Billion (+8%)

House Budget: \$246.5 Billion (+13.8%)

Senate Budget: \$236.0 Billion (+9%)

	House	Senate	TPPF Recommendations
All Funds Budget 2020-21	HB 1 & CSSB 500: \$246.5 B	SB 1 & CSSB 500: \$236.0 B	CTB: \$234.1 B
Property Tax Reform	HB 2: 2.5% auto rollback trigger for all entities > \$15 M in property tax and sales tax revenues, 8% auto rollback trigger for entities < \$15 M	SB 2: 2.5% auto rollback trigger for entities > \$15 M in property tax and sales tax revenues, opt-in for those below	2.5% auto rollback trigger for all entities
Money Available for Pub Ed	HB 3: \$6.3 B for efficiency audits and other changes in funding formulas	SB 3 & SB 4: \$4 B for \$5 K across-the-board teacher & librarian pay raises & changes to funding formulas	Right on Public Ed: Restore Money to Classroom: 4% GR spending available of \$4.5 B
Property Tax Relief	HB 3: \$2.7 B to compress rates by 4 cents	SB 5: \$2.3 B to raise the homestead exemption by \$10 K to \$35 K	Eliminate M&O School Property Tax - HB 3733 & HB 2537: \$4.1 B is 90% of GR > 4% spending increase to compress rates ~6 cents
Supplemental Budget 2018-19	CSSB 500: \$4.39 B	CSSB 500: \$5.14 B	CTB: \$4.44 B

* The House and Senate budget figures exclude Harvey-related funds

Why the TPPF Plan?

- Texans are paying excessive taxes as the 2018-19 budget is up \$15 billion higher than if increased by population growth and inflation since 2004.
- The Conservative Texas Budget sets maximum appropriations limits based on population growth plus inflation to slow the growth of state spending to within the average taxpayer's ability to pay.
- Texas could make history in 2019 by passing the third consecutive Conservative Texas Budget.
- Texans can obtain lasting, meaningful property tax relief by slowing excessive state and local spending growth and using state surplus revenue to eliminate M&O school district property taxes.