



TESTIMONY: HOUSE BILL 2

Before the Texas House Ways & Means Committee on 3.13.2023

Chairman Meyer and Members of the Committee:

Thank you for the opportunity to testify today. My name is Tim Hardin. I am the president of Texans for Fiscal Responsibility, and I am testifying neutrally on House Bill 2 as currently written.

The current property tax system ensures that Texans do not and will never own their homes. Perpetual property tax systems, like the one we have in Texas, are an infringement upon private property rights. For the last 20 years, the Texas Legislature has made multiple efforts to lower taxpayers' bills, but the only thing these efforts have tried to do—so far, without success—is to slow the growth of property tax bills. This has perpetuated an immoral tax system that robs Texans of the right to own property.

House Bill 2 does not seek to restore Texans' right to own property, but allows state lawmakers to continue treating the symptoms of the problem as opposed to the problem itself: the government renting property to taxpayers via taxation.

That said, I commend the bill's efforts to address the appraisal issue by lowering the cap from 10% to 5% and applying it to all property taxpayers, as well as the additional compression for the school district M&O portion of the property tax.

Texans for Fiscal Responsibility strongly favors the compression compared with lowering the appraisal cap or increasing the homestead exemption, which ultimately only benefits those who claim a homestead and shifts the burden of paying for local government spending to other taxpayers.

You as lawmakers face a historic opportunity this legislative session to provide not only tangible property tax relief to Texas taxpayers, but also a realistic path to eliminating school district M&O property taxes. This can be started by using as much as possible of the projected \$32.6 billion surplus to compress the school district M&O property tax rate now and continue this over time until it is zero. After all, the surplus is over-collected taxpayer money.

Moreover, if you as lawmakers chose to freeze state spending for the upcoming 2024-25 biennium to even the level of the 2022-23 budget (0% growth), additional billions of dollars would be available to ensure an even faster path to elimination of these taxes. This would provide not only tangible and maximum relief to Texas taxpayers but also an end to this immoral tax, allowing Texans their right to truly own their property, supporting increased prosperity, and ensuring Texas becomes the economic envy of the United States and the world.

Thank you again for the opportunity to testify today. I applaud your efforts to provide tax relief via compression, but I encourage you to consider adding more to the overall amount of compression and adding a provision that would put Texas on a path toward school district M&O property tax elimination while considering ways to eliminate all property taxes. The latter could be done by having local governments use their surplus above a local spending limit like the one the state passed in 2021 to buy down their property taxes to zero. Thank you for your time.

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