



TAXING THE AMERICAN DREAM

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The property tax crisis is worse.

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An Individual Liberties LIFT Commentary

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Taxing the American Dream

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While Congress works to bail out homeowners in the wake of the national mortgage crisis, homeowners continue to suffer under the crushing weight of a long-standing property tax crisis. In fact, property taxes present a greater, longer-standing threat to homeownership than the sub-prime crisis.

In that context, House Speaker Tom Craddick (R-Midland) appointed an Interim Committee on Property Tax Relief charged with “doing everything it can to provide meaningful and responsible property tax relief to those who are strained by the burden of soaring taxes.” The Committee is led by State Rep. John Otto (R-Dayton) and State Rep. Ken Paxton (R-McKinney), both of whom are committed to exploring ways to alleviate the pains of a tax that asks too much of Texans.

Statewide, total property taxes increased 111% from 1996-2006. Since 2001, property tax bills have risen over 40 percent, statewide. This number is shocking when compared to increases in school enrollment (11 percent), prices of consumer goods (13 percent), and Texans’ personal income (14 percent), all in the same time period.

In the Houston area, property tax bills increased 47.13 percent from 2000 to 2006, when the Legislature forced school districts to lower their rates as part of the largest property tax rate cut in state history.

This problem is not confined to Texas. According to the U.S. Census Bureau, as reported by *The Wall Street Journal* on April 26, property tax collections nationwide have risen 62 percent since 2000, while median home values have risen 48 percent and personal income has risen 28 percent.

In the last three sessions, the Legislature has worked to make property taxes less burdensome. Yet despite more than \$14 billion in legislatively appropriated property tax rate cuts in 2007, increases in

Percentage Increase 2001 – 2006

Property Tax bills	40 percent
School enrollment	11 percent
Consumer prices	13 percent
Personal income	14 percent

Sources: Comptroller of Public Accounts, Texas Education Agency, US Bureau of Labor Statistics.

local rates, appraisals, and bond debt continue to push property tax bills ever-higher. In 2007, 115 school districts held tax rate elections to increase their tax rates from the cap of \$1.04 to \$1.17. On top of these rate increases, 197 school districts held bond issue elections in 2007, which issued at least \$7.4 billion of new debt.

The problem, however, is much deeper than high tax bills. The property tax crisis is also a property rights crisis.

“Property taxes... threaten the viability of homeownership for many while abridging property rights for all.”

Property taxes are perpetual, abrogating the right to own property in the truest sense. If one must pay local taxing authorities every year, then property ownership is reduced to nothing more than a form of renting from the government.

The State Constitution gives government the power to seize property and evict its owners. Under Article 16, Section 50, homesteads are exempted from forced sale for the payment of debts, except, of course, for collection of past-due property taxes. Harris County conducted a tax sale as recently as May 6, selling properties that were seized for failure to pay property taxes.

Presley Sauls, an elderly Dallas man, lost his \$36,000 home in early 2008 to a bank, for failure to make payment on a loan. However, Mr. Sauls had already paid his mortgage in full. His home was seized because he defaulted on a second loan, which he took out to pay his property taxes. The property tax forced Mr. Sauls into a situation from which he could not escape, at least not with his home. [See: [“Fast Track to Foreclosure”](#), *The Dallas Morning News*, February 11, 2008]

The system is rigged against all property owners across the state, and it gets worse. The Texas Tax Code allows taxing units to “permit an individual who is at least 65 years of age to perform service for the taxing unit in lieu of paying [property] taxes.” This rings eerily similar to indentured servitude. [See: §31.035, Texas Tax Code]

The mortgage crisis is a temporary economic problem that will eventually right itself. Property taxes, on the other hand, threaten the viability of homeownership for many while abridging property rights for all. It is imperative that short-term relief be coupled with a long-term plan to eliminate this intolerable and unjust tax.

Get Involved

Each Interim, the Texas Conservative Coalition Research Institute hosts issue-specific Task Forces that bring public and private sector participants together to address the most pressing issues before the state. One of our Task Forces for this Interim is the Property Tax Task Force. For more information, please contact TCCRI Task Force Director Brent Connett by email (brent@txccri.org) or by phone at 512-474-6042.

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