

## 2-8-17 County Judge's Article

### TEXAS TAXES

The Texas Comptroller's Office is required to publish tax information every two years in conjunction with the biennial session of the Texas legislature. This year is the first time that I have seen these numbers and I thought they were pretty interesting. Probably like me some of you haven't looked at them before either, so first I'm just going to summarize them for you and then follow up with a few comments about Texas laws regarding our tax system and the politics involved. You, no doubt, have your own opinions as well!

In 2015, local Texas governments (counties, cities, school districts, and special purpose districts like flood control, water, drainage, etc.) collected \$52.2 billion in ad valorem taxes (up 6.3% from 2014) and \$8 billion in local sales tax. This was 55% of all taxes collected in Texas (all numbers are 2015 because 2016 numbers are not compiled yet).

On the state level, \$26 billion in sales tax was collected and \$22.8 billion in all other forms of taxes (excise, etc.) equaling the other 45% of taxes collected in Texas. So in conclusion more taxes are collected by local governments in Texas than by the state government.

Here are some of my personal observations. Part of our uniqueness in Texas is that we do not have a state income tax; and we tend to be maxed out on the state sales tax in my opinion. Therefore our state lawmakers get a lot of pressure to push things down to the local level for us to help pay for; such things as indigent healthcare, indigent defense, school funding, roads and the like. I'm not saying it's right or wrong, I'm just saying it's why we have such a large portion of taxing at the local level in Texas.

Now let's look at something else. Breaking down the \$52.2 billion in local ad valorem taxes collected:

\$28.2 billion (54%) was collected by school districts

8.4 billion (16%) by cities

8.7 billion (17%) by counties

6.9 billion (13%) by special purpose districts

\$52.2 billion TOTAL

You can see that by far the majority of the property taxes are being levied by the school districts. But why are all the proposed and actual restrictions being placed on the counties by our friends in Austin? Because if the schools local funding is cut or limited the state legislature is required to make it up with state funding. Municipalities get their funding in other ways such as going up on water and sewer rates. So counties are about the only ones left to squeeze. Also we are the ones that fund many of their unfunded mandates on roads, indigent health, indigent defense, and the like. My thoughts on the matter anyway.

Just one more parting shot. The state does not levy property taxes, only local governments. However, the Texas Constitution sets forth the rules governing property taxes. It states that taxation must be equal and uniform and appraisal districts are established to “ensure” that this happens. (Some of you may not realize that the appraisal district is totally independent of the county, cities, and school districts.) Local officials in counties, cities, school districts, and special purpose districts must base property taxes on values determined by the appraisal district.

Each property must be assessed at no more than fair cash market value defined as the price for which it would sell when both the buyer and seller seek the best price and neither is under pressure to buy or sell. The constitution provides for certain exceptions to this rule such as productivity values for agricultural land. Property owners that do not agree with their assessed values may appeal including filing suit in the state court system. Law suits take time and money and legal expertise for both sides which only the deep pocket property owners can afford in my opinion and this long, expensive, drawn out procedure defeats the intent of the system that was established; but then again, that’s my opinion.