

February 26, 2019

The Honorable Dustin Burrows
Texas House of Representatives
P.O. Box 2910
Austin, Texas 78768

Dear Chairman Burrows:

As the mayors of some of the fastest growing cities in the state and nation, we thank you for your leadership on the issue of property tax reform. Like you, we worry about the growing burden of property taxes and what it means for the future of our great state. We emphatically support property tax relief efforts and applaud the leadership of the Texas House of Representatives on the issue of school finance reform, as it holds the hope of providing the most meaningful property tax relief for our citizens.

We are committed to working with you and your fellow legislators as we strive to make real progress on these issues. Our coalition has worked diligently to study HB 2 and analyze its potential impact on our municipalities. We greatly appreciate that your bill did not incorporate a super-majority voter approval and that it excluded debt service in the rollback equation. However, we are developing several specific concepts in an attempt to improve HB 2 and move us towards an agreeable bill.

To be clear, the proposed rollback number of 2.5% in the filed version of the bill is not a workable proposal for us as it would have a wildly disparate impact on various cities depending on our varying reliance on property taxes as part of our overall total revenues. Moreover, it does not account for the very real and regionally unique cost drivers that exist in our budgets – cost drivers over which cities have limited control. The filed bill also effectively limits our ability to address State priorities like funding transportation and security measures.

Please accept this letter as our intent to support HB 2 and request the bill:

1. Protects cities' ability to provide basic municipal services to our residents without unduly burdening voters;
2. Develops a formula that triggers voter participation above a certain amount of revenue growth while also accounting for:
 - a. the inextricable relationship between sales taxes and property taxes within municipal budgets,
 - b. the realities of market driven cost-drivers such as medical insurance, technology and wages that often exceed consumer inflation rates,

- c. local decisions that grant property tax relief (such as homestead exemptions and senior freezes),
 - d. local decisions that help cities partner with the State on shared goals like public health and safety, disaster recovery, funding transportation, creating jobs and ensuring school and border safety,
 - e. the ability for a municipality to “carryover” unused tax rate growth which in turn discourages a city from adopting the maximum rate every year.
3. Proposes a fair election process that allows for responsible long-term municipal planning and treats all voters the same;
 4. Expands cities’ ability to grant property tax relief (such as exemptions) and incentivizes lower property tax rates; and
 5. Addresses technical issues in the bill and in current law that hamper our ability to develop budgets and adopt tax rates in a transparent and simplified manner.

To accomplish the shared goals of our coalition, we request a working group with you, your committee and other legislative leadership. It is our belief that when we all work together, the legislature can pass a bill that improves the property tax system while enabling cities to continue to be the economic engine for the State of Texas.

Thank you for your service to the great State of Texas. We look forward to working with you.

Sincerely,



Ginger Nelson
Amarillo, Mayor



Steve Adler
Austin, Mayor



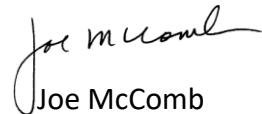
Ken Shetter
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Ron Nirenberg
San Antonio, Mayor



Laura Hill
Southlake, Mayor



Joe Zimmerman
Sugar Land, Mayor

Cc: *Members of the House Committee on Ways & Means*