

# Property tax rollback?

## One Texas senator unveils his plans for rate reform

BY BRANDI SMITH

The ongoing tax code debate in Texas between private property owners, municipalities and state lawmakers continues unabated. Like the tale of Goldilocks and the Three Bears, some parties indicate that their tax rate is just right, others indicate that their tax rate is too low, and others contend that their tax rate is too high.

For most of the past year, REDNews has been tracking Sen. Paul Bettencourt's efforts to learn more about the state's tax code and, if needed, reform it. As chair of the lieutenant governor-appointed Select Committee on Property Tax Reform and Relief, Sen. Bettencourt spent months touring the state and holding public hearings with the goal of presenting his findings to the full legislature during its 2017 session. Having concluded that tour, REDNews caught up with Sen. Bettencourt for an update.

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### What's new?

"Those increases of 20 to 30 percent in just one year are common for commercial properties in the major metropolitan areas all around the state," he said. "Those are astonishing wake-up calls to commercial business owners. Their income clearly is not growing at 25 percent a year, but their tax bill is."

While Bettencourt said his hearings introduced him to shocked and frustrated property owners, he also began to understand the mentality behind the ever-growing taxes.

"We saw many, many jurisdictions that were calculating their tax rates a few thousandths of a point below the rollback rates, which indicates they were trying to soak up as much money as possible," said Bettencourt.

He said that the City of Dallas, for example, calculated its tax rate within a few thousandths of a point below its rollback rate for three years in a row. The average home value had grown by 13 percent, commercial properties were up 18 percent and multi-family was over 20%.

"I asked the mayor, 'Why don't you cut the tax rate?' It seemed to be a concept he's never considered before," said Bettencourt.

The senator said conversations and revelations such as the one in Dallas make an exchange in Arlington even more heartbreaking.

"The county judge basically said, 'Look, we need all the money we can get,'" said Bettencourt. "The next two taxpayers told us they're retired. One of them was on fixed income, and both face losing their homes due to the spiraling tax increases."

Bettencourt said the discussion resulted in Lieutenant Governor Dan Patrick lecturing



Sen. Paul Bettencourt

the elected county judge about listening to the needs of his constituents, including not overcharging them on their property taxes.

"People will continue to struggle to pay property taxes when they are going up three times faster than income," said Bettencourt. "This is unsustainable by any measure."

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Another issue that Bettencourt heard a lot about during his hearings is disparity within appraisal districts.

"Right now, there appears to be a lot of inconsistency in how CADs [central appraisal districts] apply the law, how they conduct hearings, what information they give to taxpayers, and the extent to which they govern themselves with transparency," he said. "We had one gentleman drive six and a half hours to the Lubbock hearing to explain that a chief appraiser and an ARB [appraisal review board] chairman colluded in his meeting to basically deny him an ag exemption. The property owner made the presentation. The ARB chairman turned to the chief appraiser and said, 'Do we have any latitude?' The chief appraiser said, 'None.' Bang. He's done."

Bettencourt said he would like to see better top-down guidelines for CADs, as well as an organization that can oversee and regulate them.

"The comptroller has a weak position in this, and we actually had a bill pass the Senate last

time to study moving it to an independent agency,” said Bettencourt.

### What's next?

As extensive as the statewide committee hearings were this winter and spring, Bettencourt said he plans to continue them in the fall. However, he said one necessary course of action for the Legislature's next session is clear.

**"We're going to write a very comprehensive report. There's going to be lots of recommendations. But the key will be lowering rollback rates because that's the real flaw of the system." - Bettencourt**

“There is a developing consensus right now that rollback tax rates allow taxing jurisdictions to take in too much money on a yearly basis,” said Bettencourt. “We should consider changing those numbers so that as property values go up, tax rates come down.”

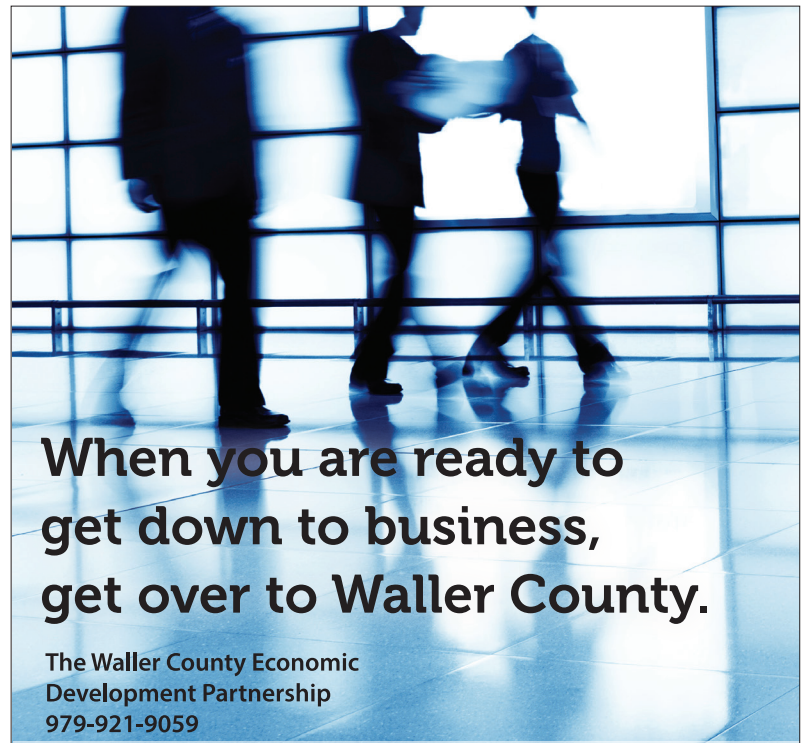
Bettencourt said the proposed change would allow for municipalities to ask voters for an increase in an election, but would otherwise have to stick to a lower rollback rate.

“We're going to write a comprehensive report that includes many recommendations,” said Bettencourt. “But the key recommendation will be lowering rollback rates because that's the real flaw of the system.”

While Bettencourt's committee prepares for the full legislative session in January, he recommended that taxpayers - both residential and commercial - keep a close eye on their tax bill and hold CADs accountable.


“Property owners need to be protesting their values,” Bettencourt said. “They also need to start talking to their elected officials and saying, ‘My taxes have gone up astronomically, and I need you to start lowering the tax rate.’”

Bettencourt expects his report to be released this fall. REDNews will be following up with Sen. Bettencourt as his hearings progress and will bring you updates throughout the year. ●



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