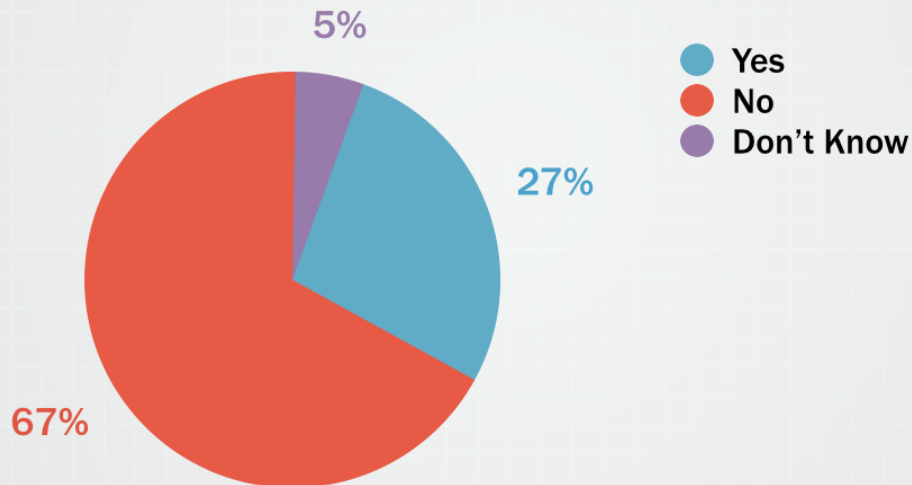


“INSIDE” INTELLIGENCE

*The Texas Weekly/Texas Tribune insider poll
for the week of 1 August 2014*

INSIDE INTELLIGENCE

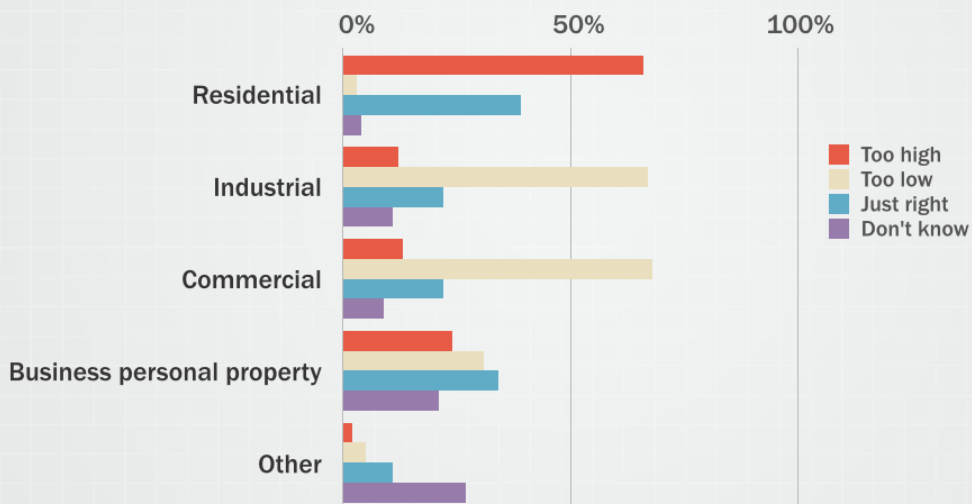
ARE PROPERTY TAX VALUES FAIR?



Inside Intelligence is an informal survey of political and government insiders in Texas and is not meant to measure public opinion.

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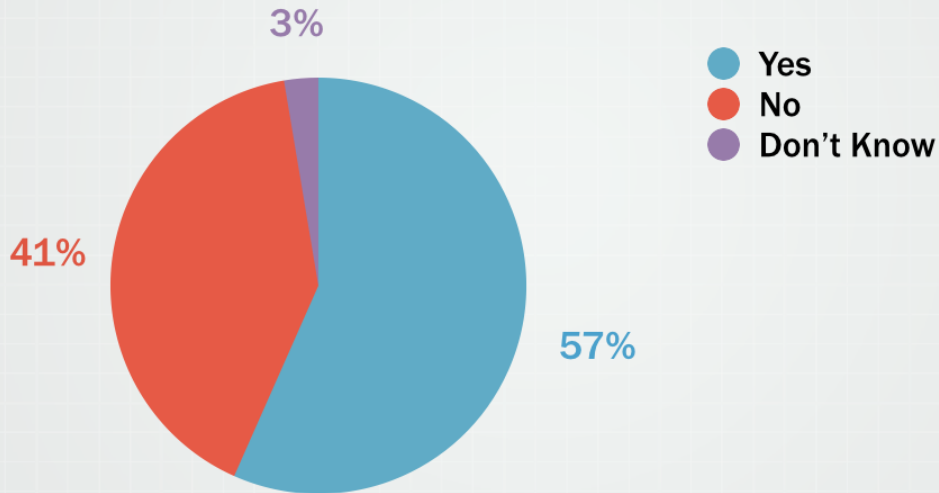
HOW ARE THESE PROPERTY TYPES VALUED ON THE TAX ROLLS?



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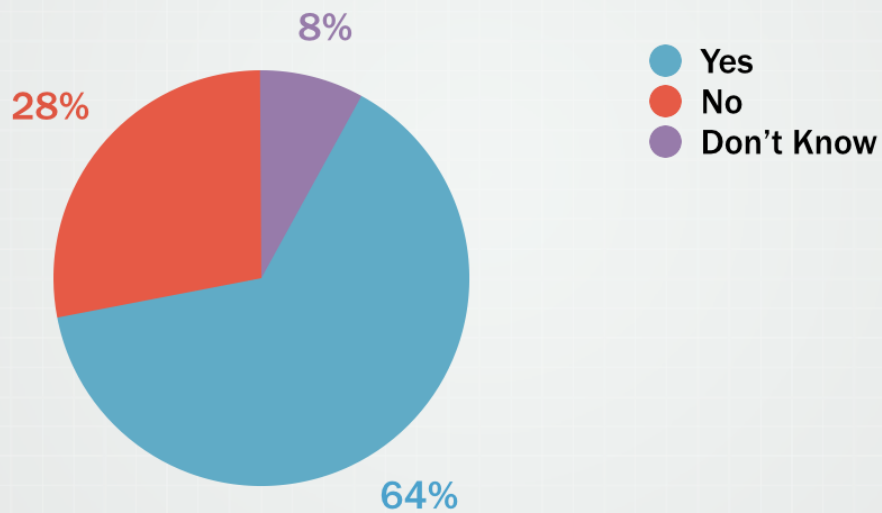
SHOULD HOMEOWNERS GET BIGGER EXEMPTIONS?



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WOULD A STATEWIDE PROPERTY TAX FOR SCHOOLS BE AN IMPROVEMENT?



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Do you think the property values used for taxation in Texas are fair?

- "Depends on the whims of the local appraisal district."
- "California has a better model (mother of all surprises) where appraisal takes place in limited circumstances including change of ownership, decline in values, and new construction. It is hands down better than the annual guessppraisal and property owner objection process that we all go through now."
- "Whose property taxes and fair compared to what? There's a pretty large disparity between industrial, residential, and commercial property values in and of itself to say nothing of the disparity between the different regions of the state. I guess at the end of the day, it's what the localized market can bear, but that doesn't mean it's fair--just ask the school districts across the state."
- "If it was fair, do you think business lobbyists would be so worked up over industrial/commercial property evaluations?"
- "Fair is in the eye of the beholder. It is the lack of uniformity that has always been problematic."
- "Commercial properties are undervalued"
- "The state is too dependent on the system to not be getting it right. All exemptions need to be reviewed and any public purpose they might be serving weighed against the loss of revenue."
- "Actually I think you probably mean 'is the appraisal process fair?' Values are values; it is the appraisal procedure that can result in inequities. Inequities will always exist, but I think the appraisal process is about as good as it could be."
- "It's not fair for average homeowners to have more of the burden shoved onto them because commercial property and high-dollar homes are not paying their fair share."
- "Well, my house is valued a couple hundred thousand bucks below the market, so maybe I should say no. But based on my tax bill, you bet I think it's fair. If anything, it's valued too high."
- "Texas' property appraisal system is apparently one of the best in the country. Our tax rates are absurdly high, but the appraisals are reportedly done better here than just about anywhere else."
- "By fair, do you mean that commercial/industrial gets all the breaks and games the systems while residential owners get screwed?"
- "We don't know if they are fair or not -- they are done by local bureaucrats, who notoriously have clouded judgment."
- "No but for no other reason than I believe my money is mismanaged by the various taxing authorities."

- "A good question but hard to say as rates are so extremely varied throughout the state."
- "We have a system in place to try to determine actual values which is as good as any in the country. No system is better than those who administer it, and that can vary among appraisal districts."
- "Residential values are generally fair, but business estimates are driven way low by professional tax consultants."
- "The appraisal process is very inconsistent, both in practice and between taxing jurisdictions. Values change arbitrarily and appraisers seem to always lag behind real changes in market conditions."
- "Business real estate usually undervalued due to consistent protests. Residential treated much tougher by appraisal districts"
- "Mandatory sales price disclosure would certainly improve the process."
- "Market Value for Commercial Real Estate!"
- "We cannot have an equitable system until commercial sales disclosure is law."
- "To be completely fair, sales prices would have to be disclosed."
- "Too random and should be tied to a more transparent evaluation criteria."
- "The City of Houston moans about budget woes constantly. But you don't hear about cutting costs/expenses. Then you read they want to raise water rates, i.e. a tax, to close a budget gap. This follows a recent fee hike on water, in reality a tax, for water and wastewater infrastructure. Really, more property taxes when government cannot live within a budget and/or cut cost."
- "The property valuations are not fairly determined. Large corporations have taxable values in the 70% range, small businesses are valued at a higher percentage, and residential property owners valued above 90% of market value."

How would you say each of these types of property is valued on the tax rolls, generally speaking?

- "You should ask about 'farm property' in general and recreational farms. ANS Too Low"
- "Too high or too low is too simple. The problem Texas has is inequity. There is not an adequate effort to seek uniform property values across the State or even within Appraisal District Boundaries."
- "It's ridiculous that we don't have a law requiring sales price disclosure. Virtually every other state does, and it would end the game of tax assessors trying to ascertain a value without good supporting documentation, and the whole bureaucracy required to address appeals."
- "Question is impossible to answer intelligently. There are over 250

appraisal districts out there and each presents its own facts and situation."

- "Exemptions for historical purposes inside the city limits should be examined very carefully and not given just because some person bought an expensive house and they don't want to pay the outrageous property taxes after its been renovated."

- "Values on particular properties stray high and low, but on average, are reasonable."

- "Some extremely expensive residential properties are undervalued, and/or take advantage of exemptions that most people don't have (like agricultural use or environmental-protection/natural resources preserve status)."

- "Ag"

- "All businesses should pay a statewide property tax that is redistributed to school districts on a per student basis. All funds must be dispersed annually allowing no opportunity for funds to be diverted into any other revenue stream. No replay of the state parks formula where lawmakers continually rob the fund because the funding mechanism was so successful, leaving the park system struggling."

- "The biggest drivers for homeowner tax bills are increased values (although those increases are capped at 105), over reliance by the state on property taxes, and increased local spending. To blame those increases on undervaluation of other properties is unsupported by the facts."

- "Exclusive country clubs are a good example of commercial/business personal property, depending on its ownership and tax structure, that are dramatically undervalued on tax rolls."

- "I don't think any general rules applies. Some are too high, some are too low. Maybe that argues for the average being OK, but that is small comfort to the individual property owner."

- "According to the Texas Constitution all appraisals are supposed to reflect market value. Commercial and Industrial property don't come near doing that under the current system"

- "Some exemptions should be reconsidered for modern times."

- "Commercial property owners can hire lawyers to game the system. It's way out of whack."

- "With out sales price disclosure that is a difficult question to answer, especially in the industrial and commercial areas."

- "Property taxes are horrible. Income and consumption taxes are much better. We should tax income, from the first dollar without exemptions or deductions, and we could replace all of the property taxes in this state with less than 3% on income."

- "The business personal property tax should be gradually eliminated. I believe Texas is one of only 7 states who has this tax."

- "Everything is too high and unequal. It seems random on their

best appraisal days when homes and businesses on the same street vary in the hundreds of thousands."

- "According to Texas Comptroller data, all property is at 99% of value"
- "The problem is not 'too high' or 'too low', it is that the valuation is haphazard and so unfair."

• "Generally, residential runs just below 100% of market value, which is a good range."

• "Why do I have to pay property taxes for my 10 year old dump office with a desk and wet bar?"

Should the state increase the size of property tax exemptions for homeowners?

• "Instead of playing the exemption game, why not reign in the appraisal districts to ensure the appraisal better reflects the market value?"

• "Ultimately it's not about the appraisals but the tax rate. Governments decide how much revenue they need and take it. If appraisal values are lowered, tax rates go up until the desired revenue is achieved. That is a net zero game. This implies that homeowner property tax exemptions are political payoffs for take your pick...veterans, seniors, widows of veterans, keeping bees on your property, etc."

• "If the state would find a different funding source for schools, then we wouldn't need an increase in property tax exemptions."

• "Everyone needs to pay their share. Instead of offering exemptions for some, lower rates for everyone."

• "Exemptions are good for political direct mail messaging, but not good for the state. The state has too many."

• "No. There is already local discretion with regard to the size of the exemption (at least for local school districts), which makes the system even less fair. And everyone wants an exemption, especially including those who don't have children in schools or whose children have graduated, and who are not making the connection between the benefits they receive and an educated workforce."

• "The state would have to gut up and pay it's fair share of public education so that local school districts could increase exemptions, and we all one that's not happening with the current lege."

• "Shifting taxes from voters onto business properties doesn't help do anything positive. Voters need a stronger say in what tax rates are that are imposed on all properties."

• "Yes, with a flat-dollar exemption (such as \$20,000), not a percentage exemption."

• "Always."

- "There should be a 3% maximum on annual increases. No one should ever be taxed out of their home."

- "For people with certain characteristics.... e.g. Lived in homes 10 plus years; property values gone up year over year more than 'x' percent, etc."

- "As a matter of political reality, an increased homestead exemption is probably a needed safety valve for the system"

- "Property tax rates in Texas are high by national standards, but reducing them would require increases elsewhere."

- "Homeowners tax rate is due largely to much larger residences that have higher value and excessive spending by local taxing entities. These facts, coupled with several decades of growth in relatively low paying 'service' jobs that was accompanied in the same period by a massive decline in high wage earning manufacturing jobs & loss of industrial values as percentage of tax base is not being considered by the whiners."

- "I bought into this populist belief that the little guy is getting screwed at the benefit of the monies elite (which we are paid to represent at the capitol ironically enough). So, if homeowners and commercial interests each paid their fair share - who knows, maybe

there wouldn't be a need to increase exemptions."

- "Yes, it should be 100%. Get rid of school m&o taxes"

- "Yes, if they are not going to charge commercial properly."

- "For the elderly."

- "Difficult to deal with local property taxes without addressing the state revenue system"

- "This has not been done since 1997. It is time to double the homestead exemption."

- "Take away the exemption for old people. They use fire, EMS and police more than healthy and young people. Don't they want educated kids who grow up to manage their retirement, provide emergency services and more? Old schmold. If politicians want to find money then have the courage to take on the old geezer lobby!"

- "Having all property fairly valued and on the rolls will result in less of the burden being borne by homeowners. Everybody paying their fair share should be the goal; not more exemptions"

- "Exemption = cost shifting."

- "The whole thing is silly"

Would the state be better off with a uniform statewide property tax for schools in place of local school property taxes?

- "A uniform statewide property tax rate for schools would be an

improvement, but in order for property taxes to ever be fair, there

must be sales price disclosure, proper valuation of commercial property and strict enforcement of businesses who fail to report or under report business property. Oh, and elimination of property tax breaks for luring businesses to certain communities."

- "No AND we also need to roll back Robin Hood. Communities should decide how much to invest in their schools."

- "But it was repealed back in the 60s (I think). No way it will make a comeback."

- "One of the most important jobs of the school district is to set the property tax rate to achieve its educational goals. Because districts can set taxes independently from each other we can make some determinations about efficiencies among them. If you take that away from districts, you may as well have a statewide school board as exists with Hawaii."

- "Equally applied so that homes in rural and urban Texas pay the same tax as suburban homes?? If there's a shortfall, who pays the difference?"

- "Local control should be priority. The only reason local school property taxes are too high is because legislators keep reducing education budgets."

- "Assuming it would be uniformly applied. This is a very difficult task but achievable."

- "It's a first step toward equity."

- "This is absolutely the correct approach. Alas, ain't gonna happen."

- "Better yet - how about an income tax for schools???"

- "Painting an old blue piece of furniture green doesn't change what the furniture is. A statewide school tax would accomplish nothing that we can't do with the current structure. It might make some people feel differently about their tax, but it would not really do anything."

- "I'd say 'yes' but a state property tax for schools would probably hurt local political support for things that schools need."

- "Yes, despite all the wailing about the inefficiency of government -- studies repeatedly show that the most wasteful and inefficient government is at the local level, because there is so little oversight. Uniform statewide property tax would fix that."

- "The answer to this question is yes...but good luck ever getting it into law. This is a non-starter on every level."

- "Let's then watch the legislature fight over raising school taxes!"

- "The local school taxes and state appropriations are part of one state finance system--whatever the constitution provides."

- "As suspect as the current appraisal process is, would putting the state in charge be better?"

- "It would reduce litigation"

- "Not in this political climate."

- "Probably, but what school board or local taxing entity - in their right mind - would ever give up that power??"
- "Yes, we basically have that now, but a state income tax would be better."
- "It might stop the beggar thy neighbor gaming of the system of exemptions for industry relocation"
- "This would end the local control all school districts have on property taxes."
- "Should keep local to allow for regional and cultural preferences. Not everyone wants to be Dallas, nor Cy-Fair."
- "Local control is always better"
- "Property wealth is not distributed proportionately to the distribution of school children, resulting in unequal access to local funding. Since you can't ship children around, then decreasing local taxing in favor of a statewide tax would help ensure a child has access to adequate resources regardless of where he or she attends school."

Our thanks to this week's participants: Gene Acuna, Brandon Aghamalian, Victor Alcorta, Clyde Alexander, George Allen, Jay Arnold, Charles Bailey, Tom Banning, Dave Beckwith, Andrew Biar, Allen Blakemore, Tom Blanton, Chris Britton, David Cabrales, Kerry Cammack, Thure Cannon, Corbin Casteel, William Chapman, Elna Christopher, Harold Cook, Beth Cubriel, Randy Cubriel, Curtis Culwell, Denise Davis, Hector De Leon, Eva De Luna-Castro, Nora Del Bosque, Glenn Deshields, Holly DeShields, Tom Duffy, David Dunn, Richard Dyer, Jeff Eller, Jack Erskine, Jon Fisher, Wil Galloway, Norman Garza, Dominic Giarratani, Bruce Gibson, Stephanie Gibson, Eric Glenn, Kinnan Golemon, Daniel Gonzalez, Thomas Graham, John Greytok, Wayne Hamilton, Bill Hammond, Deborah Ingersoll, Cal Jillson, Mark Jones, Richard Khouri, Tom Kleinworth, Sandy Kress, Nick Lampson, Pete Laney, Dick Lavine, James LeBas, Luke Legate, Leslie Lemon, Matt Mackowiak, Mike McKinney, Steve Minick, Bee Moorhead, Mike Moses, Steve Murdock, Nelson Nease, Pat Nugent, Todd Olsen, Nef Partida, Gardner Pate, Robert Peeler, Tom Phillips, Wayne Pierce, Richard Pineda, Allen Place, Gary Polland, Jay Propes, Tim Reeves, Patrick Reinhart, David Reynolds, Carl Richie, Grant Ruckel, Tyler Ruud, Jim Sartwelle, Barbara Schlieff, Stan Schlueter, Bruce Scott, Robert Scott, Ben Sebree, Christopher Shields, Nancy Sims, Jason Skaggs, Ed Small, Martha Smiley, Larry Soward, Leonard Spearman, Dennis Speight, Bryan Sperry, Tom Spilman, Jason Stanford, Bill Stevens, Jeri Stone, Bob Strauser, Colin Strother, Michael Quinn Sullivan, Sherry Sylvester, Trey Trainor, Vicki Truitt, Corbin Van Arsdale, Ken Whalen, David White, Darren Whitehurst, Peck Young.