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STATE REPRESENTATIVE DWAYNE BOHAC

FOR IMMEDIATE RELEASE

July 13, 2007

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Bohac says tax cuts pinnacle of 80th Session

AUSTIN--After a sometimes tense legislative session, state Rep. Dwayne Bohac, R-Houston, said today that positive steps were made regarding Texas' fiscal policy.

"This session we were able to pass a conservative budget, lower school property taxes by 33 cents using surplus funds and eliminate an unnecessary phone bill tax," Bohac said.

The appropriations bill (House Bill 1) totaled more than \$152 billion, an increase of 3.5 percent a year, which is less than inflation and population growth.

"Not only was this budget fiscally conservative, but we also left money unspent--which I believe is the true test of government," Bohac said. "Instead of falling to the temptation to spend, spend, spend--we used a \$14 billion surplus to cut property taxes and put the rest in the state's Rainy Day Fund. We know that the economy will be slowing a bit, so it is prudent to put money into the fund."

Texas' large surplus allowed the legislature to buy down school maintenance and operation (M&O) property tax rates by another 33 cents, having reduced tax rates by 17 cents in 2006. Also, the legislature passed a constitutional amendment to lower rates for homeowners over age 65.

Mike Falick, president of the Spring Branch ISD Board of Trustees, said the district budget adopted by the board on June 25 for the '07-'08 school year assumes a total tax rate that is 52.5 cents lower compared to the '05-'06 school year. This is even greater than the up to 50 cent per \$100 of value reduction mandated by the legislature.

The Houston Independent School District is following suit. HISD will cut its M&O rate by 43 cents, nearly a third, during the same time period. In 2005-06, the district's overall property tax rate was \$1.62 per \$100 of value. This year HISD plans to adopt a total tax rate of \$1.1567.

"This is definitely historic," Bohac said. "We promised to lower property taxes and we delivered. Ultimately, however, we must correspondingly lower the appraisal cap to further

control the growth of property taxes that result from appraisal creep."

Bohac's House Bill 696 addressed the issue of appraisal creep by lowering the appraisal cap from 10 percent to 5 percent on homestead appraisals statewide. House Bill 3149 was a local appraisal cap bill that allowed at least Harris County to lower its appraisal cap.

"Because of Chairman Fred Hill my appraisal cap bills were never even allowed a hearing," Bohac said. "This is truly a travesty that Mr. Hill would not even give us the courtesy of a hearing. Along with Senators Kyle Janek and Dan Patrick, we will continue to fight on."

Another success for homeowners came when Senate Joint Resolution 13 was ratified by voters in May. The constitutional amendment, co-authored by Bohac and supported by SBISD's school board, changes a law that freezes property tax rates for homeowners over 65.

Currently, the Texas Constitution says that a homeowner who is disabled or over 65 has his school property tax bill frozen, and because it is frozen, it cannot go up. Likewise, according to a quirk in the law, it cannot go down. SJR 13 solves this dilemma by temporarily lifting the freeze and allowing the elderly and disabled to receive the tax cut, then refreezing their school taxes at the lower rate.

"We just wanted to make sure that we were fair and that everyone was able to enjoy this monumental tax cut," Bohac said. "Now, all homeowners will receive the tax cut."

Another win for Texas taxpayers came in the form of House Bill 725, co-authored by Bohac, which eliminated the Telecommunications Infrastructure Fund saving Texas taxpayers \$600 million a year.

"This phone bill tax was created in 1995 and had basically served its purpose by 2003," Bohac said. "This year the legislature voted overwhelmingly to repeal this tax."

"Overall, this was a good session for Texas taxpayers."