



## POLICY ALERT

Center for Public Policy Priorities

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### Act Now to Preserve Future State Budgets

Governor Perry is pushing the Legislature hard to pass another \$2.5 billion in property tax cuts for the coming biennium – on top of the cuts passed during the special session in 2006, which lowered school property taxes from \$1.50 to \$1.00 per \$100 of value.

The taxes passed in the special session—the new margins tax, cigarette taxes, and other taxes—cover only half of the cost of the tax cut given in the special session.

Consequently, the General Revenue Fund will be drained by \$7 billion in 2008-09 to pay for this cut, with a similar drain expected from the money available to fund the 2010-11 budget.

On Friday, the House may vote on taking another \$2.5 billion from our already inadequate general revenue stream to lower school property tax rates by another 9 cents, down to \$0.91 per \$100 of value. This would be a straight tax swap—replacing property taxes with state general revenue. Actual spending on education would not increase one cent.

The Legislature should not enact more tax cuts:

- While CPS children are sleeping in state office buildings;
- While children eligible for CHIP and Medicaid aren't enrolled;
- While public school classrooms are overcrowded; or
- While TEXAS Grants for higher education remain underfunded.

**You must act now to prevent this diversion of general revenue. Tell your state representative to VOTE NO on HB 2785 by Rep. Paxton, which is on Friday's calendar.**

Also tell them to **VOTE NO on HJR 44**, a proposed constitutional amendment to require a three-fourths vote of the Legislature to raise the rate on the new margins tax, which is also on Friday's calendar. This would grant special status to this one particular tax, regardless of future need for revenue to support vital public services, and undermine the principle of majority rule.

Please let us know ([kluever@cppp.org](mailto:kluever@cppp.org)) about your phone calls or e-mails to your legislators.