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An update on state and federal action from

The Center for Public Policy Priorities

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TAX REFORM UPDATE:

House Select Committee to Make Crucial Revenue Decisions Soon

The special committee appointed to hear the governor's tax bill, the House Select Committee on Revenue and Public Education Funding (chaired by Rep. Paul Sadler) has undertaken a thorough examination of the state tax system. This week the committee may adopt specific proposals about how the state, school districts, cities and counties will generate revenue. These decisions could affect funding available for government services for many years to come.

Among the alternatives being considered are a drastic cut in property taxes, funded by eliminating most tax exemptions, including sales, property, and franchise tax exemptions.

The CPPP recommends that any tax change should:

- **Increase the equity of the state and local tax system.**
- **Provide a stable supply of adequate revenue from a balance of sources.**

The CPPP has long argued, and the recent tax equity study by the Legislative Budget Board has confirmed, that Texas' tax system is regressive — lower-income families pay a larger portion of their income in taxes than do higher-income families. The most important criteria for judging any tax reform is whether it would decrease this unfair regressivity.

The main problem with regressive taxes is that they take money away from the families who need it the most. If low-income families were able to keep more of their income, they would be able to better provide for themselves and their children, easing the burden on government and nonprofit social services. Another problem with regressive taxes is that, since they rely on taxing lower-income families, whose incomes have stagnated in recent decades, revenue from these taxes is unable to keep up with the growth of the state economy. A tax system that relies too heavily on regressive taxes will be unable to generate the money required to meet the needs of Texans for education, and health and human services. And by taking money away from the low- and middle-income families that are most likely to spend it, more regressive taxes could reduce demand for goods and services and slow the state's economy.

What Can You Do?

Now is the time to let the House committee members, and your own legislators, know that tax reform should increase both the equity and adequacy of the Texas's tax system. A similar Senate committee, the Senate Select Committee on Tax Reform and Public School Financing (chaired by Sen. Ken Armbrister), has also begun hearings on tax reform and should be contacted now.

House Select Committee on Revenue and Public Education Financing

Member	District	Phone (512)	Fax (512)
Rep. Paul Sadler, chair	Henderson	463-0626	463-5896
Rep. Paul Hilbert, vice chair	Houston	463-0572	463-1908
Rep. Kim Brimer	Arlington	463-0632	480-8629
Rep. Warren Chisum	Pampa	463-0736	463-0211
Rep. Tom Craddick	Midland	463-0500	463-7722
Rep. Christine Hernandez	San Antonio	463-0634	463-5896
Rep. Scott Hochberg	Houston	463-0492	463-5896
Rep. Rob Junell	San Angelo	463-0472	463-1025
Rep. Mark Stiles	Beaumont	463-0706	463-5896
Rep. Ric Williamson	Weatherford	463-0738	463-5896
Rep. Ron Wilson	Houston	463-0744	463-5896

The mailing address for all House members is P.O. Box 2910, Austin, TX 78768-2910.
 E-mail for all members is: first name. last name@house.state.tx.us

Senate Select Committee on Tax Reform and Public School Financing

Member	District	Phone (512)	Fax (512)
Sen. Ken Armbrister, chair	Victoria	463-0118	475-3736
Sen. Teel Bivens, vice-chair	Amarillo	463-0131	475-3733
Sen. Gonzalo Barrientos	Austin	463-0114	463-5949
Sen. John Carona	Dallas	463-0116	463-3135
Sen. Robert Duncan	Lubbock	463-0128	463-2424
Sen. Rodney Ellis	Houston	463-0113	463-0006
Sen. Troy Fraser	Belton	463-0124	463-3732
Sen. Chris Harris	Arlington	463-0110	463-7003
Sen. Greg Luna	San Antonio	463-0126	463-2114
Sen. Drew Nixon	Nacogdoches	463-0103	463-1526
Sen. Florence Shapiro	Plano	463-0108	463-7579

The mailing address for all Senators is P.O. Box 12068, Austin, TX 78711-2068.
 E-mail for all Senators is: first name. last name@senate.state.tx.us

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