



**Testimony from Christy Rome, Executive Director
for the Texas Senate Committee on Finance
regarding Property Tax Relief
May 23, 2022**

Madam Chair and members of the Committee:

As districts subject to Robin Hood recapture, we support measures that deliver property tax relief, and therefore a reduction in recapture.

School district property tax compression has an equity band in place, which we believe is appropriate. But what that means is that no district's tax rate can be compressed lower (the floor) than 90% of the highest Maximum Compressed Rate (the ceiling).

Districts that have hit that floor due to high levels of value growth have enjoyed the maximum amount of tax rate compression. And now, regardless of how much more extraordinary value growth those communities experience, their level of rate compression will only be the minimum amount allowed at the floor. In other words, there are quite a few districts where value increases are far exceeding rate compressions, which means that taxpayers are paying significantly more, but their local school districts are not receiving additional funding because recapture is pulling away more and more of those dollars.

When there is property tax compression at the city and county level, those entities are entitled to an increase in funding equivalent to 2.5% year-over-year.

Funding for public schools, on the other hand, is primarily stagnant year over year, unless that district seeks voter approval to increase the tax rate or if the Legislature makes changes to the school finance formulas. This is particularly important right now: While the 2.5% increase for cities and counties does not keep pace with inflation, the 0% increase for schools certainly does not.

We hope that your approach to further property tax compression will be a balanced one. Robin Hood recapture has now exceeded \$3 billion in one year this school year. Further property tax relief is certainly one way to address that—but we also have to remember the rising costs that public schools have faced while their funding has stagnated. We need this committee to consider options that both provide property tax relief and an increase to the Basic Allotment so that schools can manage rising costs, recruit and retain high-quality teachers, and prepare students to meet the future workforce needs of our state.