

PROPERTY TAX BURDEN HAS SHIFTED TO HOMEOWNERS

The Texas Constitution mandates that taxation shall be equal and uniform, and that property shall be appraised at market value for the purposes of ad valorem property taxation. While valuation methodology is crucial to property owners in such a context, the "Comparable Properties Standard" embodied in Sections 41.43(b)(3) and 42.26(a)(3) of the Texas Tax Code has been interpreted by the Texas Supreme Court to allow high value property owners to unconstitutionally manipulate the appraised value of their property for ad valorem taxation purposes and shift the tax burden to home owners and small businesses. Unless the Texas legislature allows voters to approve a Constitutional Amendment to end this practice - the unfair shifting of the tax burden to fund local governments will continue to be piled predominately onto the urban homeowners.

One example will demonstrate how current system works.

The Dallas Morning News recently reported that the Crescent Court property in downtown Dallas sold for \$700 million – so all can agree that’s the properties “fair market value”.

Dallas Central Appraisal District records indicate the property is only appraised at \$186 million – 26% of its fair market value.



*Crescent Court Property -
Downtown Dallas*

5846 Velasco



Above is a photo of home for sale in East Dallas – asking price is \$475,000.00 – which gives at least the owners view of its fair market value. A quick check of the Dallas County Appraisal District records show the property to be appraised at \$360,000 or approximately 75% of what its owner considers its fair market value. . . approximately three times more -percentage wise -- than the property taxes paid by high value commercial property.

So, the homeowner is paying close to three times more in property taxes – percentage wise -- than the extremely valuable downtown Crescent Court property.

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There are thousands of other examples involving office towers, refineries, shopping centers, industrial plants, minerals, etc. – you name it. Only houses are valued at or near what they would sell for, but of course, that value only matters if and when you sell.

Why does this matter to you? First, it means you are paying tax rates much higher than they need to be to make up for taxes not levied and collected on the true value of those other types of property. Homes make up about half of the current taxable value of all Texas property. If those other types of property were valued in the same manner – or if the manner of valuing homes was changed to match theirs – taxes on homes would be cut by more than half!

Many states have property tax “circuit-breakers”. Like the circuit breakers in your home’s electrical system, these prevent people from being overloaded by property taxes, which are capped at no more than a small percentage of a family’s income. This absolutely can prevent being taxed from your home, and many states also provide tax rebates to renters based on a similar limit estimated on the impact of property taxes on their rent and some also provide this relief for small businesses. This approach also has the advantage of not wasting “tax relief” on wealthy individuals and businesses that can afford to pay their taxes.

A further problem is that the state has allowed large businesses to receive huge amounts of corporate welfare by giving them massive tax breaks – even when no new jobs are created. One such loophole expires next year, but there will be a strong effort to restore it in the coming legislative session.

Taxes are necessary to pay for necessary government services, but the current system particularly hurts neighborhoods undergoing gentrification – the original residents are literally taxed from their homes – and can hit anyone in a recession or pandemic when they lose their job.

I will tackle the problem of exorbitant taxes by authoring a constitutional amendment to undo the Supreme Court’s distortion of equal taxation and propose a circuit-breaker plan to keep us in our homes. I will oppose any effort to restore the expired give-away to big corporations and will work to repeal similar loopholes that are still on the books.