



**Cheryl E. Johnson, PCC**  
**Assessor and Collector of Taxes**

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October 31, 2020

The Honorable Dustin Burrows, Chairman  
House Committee on Ways and Means  
Post Office Box 2910  
Austin, Texas 78768  
c/o [Jimmy.Skipton@house.texas.gov](mailto:Jimmy.Skipton@house.texas.gov) and [Ross.Leake@house.texas.gov](mailto:Ross.Leake@house.texas.gov)

Dear Mr. Chairman:

I hereby present input on Interim Charge 2 and request forgiveness for the lateness of my input.

**Interim Charge 2** requested the Committee to, *"Study and consider possible methods of providing property tax relief including potential sources of revenue that may be used to reduce or eliminate school district maintenance and operations property tax rates."* I respectfully offer the following:

The continuation of funding by the State of compression resulting from increases in appraised value will have the most significant impact on Texas property owners with regard to school taxes but an ongoing funding mechanism is needed. A long term solution for all local governments would be to redefine market value as price paid as it pertains to (minimally) single family residential and small income producing properties. This would result in a progressive taxation system in which purchasers as well as current property owners would have a firm expectation of their tax burden. This would also likely reduce compression funding requirements by the State.

This change could be accomplished by a simple majority vote in both houses as the legislature, as recently affirmed by Texas Supreme Court Decision No. 15-0683 *EXLP Leasing, LCC and EES Leasing, LLC v. Galveston Central Appraisal District*, is "...free to adopt the mode of ascertaining the value of any class of property by such method as it might deem best..." The Texas Constitution requires taxation to be "equal and uniform" and property to be taxed "in proportion to its value" thus how that value is determined is in your hands. Barring House and Senate rules to the contrary, current law could be changed by a simple majority thus ending a 40 year battle against appraisal creep which has eroded your every effort to establish tax relief.

Alternatively, sales tax has long been proposed as a replacement option but an implementation plan is needed to move entirely away from property taxes - including perhaps using the \$2B in unclaimed refunds held by the Comptroller to reduce school district bonded indebtedness. These funds may also provide a revenue source for the State to continue funding compression. A combination of a higher sales tax and ongoing property taxes, *without solving appraisal creep*, is not a solution that should be considered.

Thank you for serving the citizens of Texas so well. I look forward to working with you in the 87<sup>th</sup> Session.

Respectfully,

A handwritten signature in cursive script that reads "Cheryl E. Johnson".

Cheryl E. Johnson, PCC