Perry-Sharp Property Tax Cut Plan
*Note - Gov. Perry frequently departs from prepared remarks.

Wednesday, March 29, 2006

Thank you Brian McCoy, CEO. We appreciate you allowing us to use your successful business as a backdrop for an important discussion with the public about school finance and property tax relief.

About six months ago I asked a long-time friend and former political rival to help me take on this tremendous task, former Comptroller John Sharp.

We formed a 24-member commission to reform taxes in Texas.

Today they are issuing their recommendations on school finance reform and property tax relief for all Texans to consider, so I would like to ask its chairman, John Sharp, to speak about the plan they are offering.

Thank you John. I am personally indebted to you and the members of this commission, as are all Texans, for your hard work, your vision, and your development of a plan that will advance prosperity and opportunity.

I cannot recognize every distinguished member in our short time here today, but I will say that the collective work of this bipartisan commission has the potential to be the most significant report of any independent commission in Texas in the last two decades.

Thank you for your service.

If Texans want a fairer and broader business tax without loopholes, a stable source of revenue for our children’s education, and substantial property tax relief, then we’ve got a plan that works for them.

I wholeheartedly support the plan offered by the Texas Tax Reform Commission because it provides Texans four principal benefits.

First, this plan is a fundamentally fairer way to fund education because its centerpiece, the reformed franchise tax, is broader, fairer and assessed at a lower rate than the tax we have today.

It closes tax loopholes so many more will pay their share, and some will pay less.

Second, this plan encourages employers to invest in people.
If legislators pass this plan, employers will have new incentives to create jobs and invest in worker pensions, worker healthcare and employee dependent care.

Third, this plan makes homeownership more affordable for millions of Texas families by slashing school property taxes by about one-third starting in the 2007 tax year.

And fourth, this plan dramatically increases the state share of education funding.

By Fiscal Year 2008, the state will pick up an estimated 50 percent of the cost of public education, instead of only 34%, which the current system is leading us toward in Fiscal Year 2007.

To my friends on the other side of the aisle who said let’s avoid raising the sales tax, today I say here is your plan.

To my friends on my side of the aisle who said let’s provide a record property tax cut for over-taxed homeowners and employers, today I say here is your plan.

And to my friends on both sides of the aisle who said we need a broader business tax that captures the modern economy, today I say here is our plan.

We can broaden the base of the franchise tax and lower the rate while ensuring schools have additional funding capacity.

We can protect jobs and encourage employers to invest in their workers’ healthcare and pensions.

We can provide a record $6 billion in property tax relief and give Texans a net tax cut of nearly $1.5 billion by the 2007 Tax Year.

And we can provide property tax relief and real tax reform to address the needs of our future.

Some might find it tempting to spend the entire surplus on property tax relief and save the hard work of tax reform for another day.

That’s tempting until the bill comes due.

Legislators should avoid digging a multi-billion dollar budgetary hole by passing a temporary tax cut that would surely lead to a permanent tax hike next year.

And they should choose to give Texans a larger amount of property tax relief that is paid for beyond the first year.

For years Texas has needed a new tax structure that protects jobs, reflects the modern economy, broadens the tax burden, and lightens the load of property owners.

Now we have that plan.

It is a responsible plan that appeals to Texans’ sense of fairness, encourages investments in jobs and workers, discourages harmful addictions like smoking, and utilizes a portion of the surplus to give the people a well-deserved tax cut without leaving future legislatures a mountain of debt.
If legislators pass this plan, businesses like McCoy’s Building Center should be bustling with activity as more Texans start building their dream homes.

Just as it took a bipartisan commission to recommend this tax reform plan, I am looking for bipartisan support to pass it.

We have discussed this plan with more than one hundred members of the House and Senate in more than two dozen meetings.

We have met with business and labor leaders, taxpayer watchdogs groups and education leaders.

We are reaching out to build bipartisan consensus for a plan that has bipartisan appeal.

What this commission has proposed is fair, forward-looking and future-oriented.

It creates a tax structure for a 21st century economy.

And it provides tax relief to those who need it most.

This is our great chance, a once in a generation opportunity to lay aside politics in pursuit of shared prosperity.

I ask legislators of both parties to join me in that pursuit.

And if they meet the mandate of the court in a timely manner, we can then turn to other critical concerns, such as teacher pay, educational excellence and financial accountability for the classroom.

But today let us start where our work must begin: by reforming our tax system and building a new path to a future of prosperity.

Thank you. We would be happy to take your questions.