Gov. Rick Perry’s Announcement Concerning the Texas Task Force on Appraisal Reform

Monday, August 21, 2006

Good afternoon. I want to thank Heidi and Mike Barnett for opening up their home to us today. There are two variables that determine a Texan’s property tax bill: the rate and the value. Earlier this year, we provided Texas property owners with the largest property tax cut in state history – a 33 percent reduction in their school property tax rates over the next two years. This was a tremendous victory for Texas taxpayers that will result in real tax relief. Now we need to address the rest of that equation: the silent tax hike of rising appraisals.

The fact is Texans have been besieged by skyrocketing appraisal values that in many cases exceed population growth and inflation. With total taxable values expected to go up by nearly seven percent on single family residence in the City of Dallas this year and nearly six percent for residents that pay Dallas County taxes, people in Dallas are once again subject to the stealth tax hike of appraisal creep. Across town in Tarrant County, total taxable values rose nearly nine percent, which when you take out new construction, still leaves you with an increase of more than four percent on county taxes for individual homeowners. Perhaps the plight of the taxpayer can be best demonstrated not by a single year’s data, but by looking at the bigger picture. From 1998 to 2004, taxable values for city property taxpayers in Dallas increased by 36 percent. Total tax levies during the same period of time increased by about 50 percent.

Rising market values are a good thing for homeowners when they are looking to sell. Unfortunately, the higher taxes that result from rising values are assessed every year while the dividend realized from the sale of your home only comes once. When Heidi and Mike Barnett purchased this Lake Highlands home, their taxable value as assessed by the school district was $157,000, which was three times the taxable value the previous owner faced the year before. Three years later, their taxable value is $181,000. With an average increase of five percent a year in their school taxable value, they may not have been exposed to the largest sticker shock in town, but nonetheless they are paying $400 more in school taxes based on just higher values. When you include a previous school rate hike, their school tax increase is closer to $500 since 2003. And that price goes up when city, county, college and hospital taxes are also factored in.

Robert Williams and Terri Anderson, who live in Coppell, have seen their taxable values increase 46 percent in...
the last seven year – close to seven percent a year. I believe in local control. But I also believe if people are
going to pay more in taxes to local government, it ought to come because of a vote and not the appraiser’s
note. Silent tax hikes by unelected officials are too often the easy way out. Year after year, too many Texans
have seen their tax bills rise faster than their wages, meaning they have less discretionary income.

That is why today I am appointing more than a dozen Texans to serve on a new task force to study appraisal
reform, the Texas Task Force on Appraisal Reform. The task force will be chaired by Tom Pauken, a former
Reagan official whose public service career, management experience and commitment to protecting taxpayers
will help ensure the task force makes recommendations to legislators that will be fair to the taxpaying public and
conducive to economic growth. He will be joined by seasoned public officials and private citizens who know this
issue well and who can help strike a proper balance between protecting taxpayers and ensuring funding for
essential services. I am asking them to issue a report and recommendations before the start of the next regular
session of the legislature. Though I have advocated specific appraisal reforms in the past, I do not want to pre-
judge the commission’s work. I have asked them to put everything on the table, no sacred cows and no pre-
arranged conclusions. Their independence is critical to a product that is fair, far-reaching and appealing to
Texans on all sides of the debate.

I believe we have the brainpower to get this done, and the people of Texas definitely have the will to get it done
after years of skyrocketing appraisals. But we don’t want to rely solely on the ideas of a dozen or so Texans.
We want all Texans to get involved. Starting today we are soliciting the public’s ideas for appraisal reform. They
can send their solutions, in writing, to my website: http://www.governor.state.tx.us. There they will also find a
toll free hotline to get in touch with my office (888-892-7772.) If you are tired of rising appraisals, now is the time
to make your voice heard. We will be soliciting reform proposals through September 15th before the task force
begins its hearings.

Lastly, let me address a common complaint that ignores a crucial fact. Some have tried to say that appraisal
increases will undermine the recently passed, record school property tax cut. That is based, however, on a
false comparison. The question is not what you are paying today compared to last year but what you are paying
today compared to what you would have paid under the previous rates. You see, appraisals would go up the
same under either scenario so the amount of true tax relief can only be calculated based on the change in
rates. By any fair measure, millions of Texans will realize significant savings on their school taxes, including a
one-third reduction starting in the fall of 2007. We have included a hypothetical example in our press release for
members of the media.

I am proud to have signed the largest school property tax cut in Texas history, a tax cut that delivers real relief
for millions of working families. When this task force succeeds, Texans will not only get real rate relief this fall,
but appraisal relief in the near future too. To discuss this important issue is the newly appointed chairman, Tom
Pauken.