Gov. Rick Perry's Remarks Regarding the Texas Task Force on Appraisal Reform

*Note - Gov. Perry frequently departs from prepared remarks.

Tuesday, January 23, 2007

Today I am joined by Tom Pauken, the chairman of the Texas Task Force on Appraisal Reform, and other distinguished members of this special commission. Today they are releasing their findings after close to a dozen hearings across the state. I would like to ask Chairman Pauken to share thoughts on their report.

I want to express my deep gratitude to all who served on this commission, not just because each member gave of their valuable time, but because this issue is so difficult to resolve. Today’s recommendations provide better protections for taxpayers from silent tax hikes, more accountability through elected representation on appraisal review boards, and greater tax predictability for homebuyers. Taken together, this package will improve the accuracy of appraisals, prevent future unfunded state mandates on local government, and ensure taxpayers are no longer rendered powerless in stopping large tax and spending increases that often occur without even a vote of their local representatives.

I am under no illusion that there is a consensus on this issue. But at the same time, I think there is a strong consensus among taxpayers that the current system is broken. There is nothing fair about property tax bills increasing 233 percent across Texas in less than 20 years, or a forty-six percent increase on residential homes in major metropolitan areas from 2000 to 2004. Here is where I am coming from: my primary purpose in appointing this task force was not to make our appraisal system as accurate as possible, though that is important, but to stop runaway tax creep. My definition of tax fairness has less to do with equity in tax appraisals and more to do with tax predictability so that when you purchase a house, you can know you won’t be priced out of the American Dream less than ten years later. I believe a fair tax system is one that doesn’t hit people with sticker shock every time they open their tax notice, and one that allows prospective homebuyers to know if they will be able to afford their property taxes by the next decade. As far as improving accuracy in the appraisal process goes, I was glad to see the task force recommend the disclosure of sales prices to appraisal districts. As part of a more comprehensive package, that recommendation makes sense. Of course, by itself it is nothing more than a way to further increase tax bills, so it is important that taxpayer protections are passed with it.
Wisely, the task force created a legislative package to go alongside a constitutional amendment package. Past experience tells us the taxpayer-funded lobby makes it difficult to get two-thirds support to lower the appraisal cap. Perhaps some persuasive members of the legislature can change that. For the record, I remain a strong supporter of a five percent appraisal cap without any strings attached. Nonetheless, the crown jewel of taxpayer protection simply requires a majority vote: a provision that requires an automatic vote of the people if local government tax revenue increases by more than five percent a year. This is after excluding revenues from new construction. This does not represent the weakening of local control because empowering voters is the ultimate form of local control. To those who argue the state should do the same thing, I say stay tuned: I will be proposing a spending cap on state spending that is tighter than the current version.

The property tax is a uniquely onerous levy in that Texans get taxed annually on an asset for which they at best get a one-time gain. If Texans are going to be taxed every year on the same property, there at least needs to be a belief among the public that every precaution is being taken to keep their tax bills from rising any faster than needed. Unfortunately, the public doesn’t feel that way. And I don’t blame them. I know appraisers are hardworking men and women who try to get it right. I respect the job they do and I am glad that the task force’s recommendations will help them do their job better. By making sales data available to appraisers, requiring elected officials to review the appraisal rolls, and giving voters greater authority over total tax bills, we can protect Texans from skyrocketing tax bills, provide local governments the room for growth they need, and ensure that tax relief passed last year results in greater savings.

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