Thank you. It is an honor to be with my friends in the real estate community. Having just returned from Washington, D.C. last night it is good to be back in God’s Country. When you say howdy to someone in Washington they look at you like you just proposed vaccinating them. People keep bothering me with questions about whether I want to go to Washington some day. But I already have the best job in America- ask President Bush.

I have talked to a lot of trade associations in my day, but few that put their money where their mouth is like the Texas Association of Realtors. How refreshing it was, when we proposed a record school property tax cut and a reformed business tax last year, that your association not only endorsed the plan, but sent about 500 members to Austin to rally in support of it. I haven’t forgotten the essential role this association played in passing historic property tax relief that will make the dream of homeownership more affordable for millions of Texas families. I haven’t forgotten about the courage of this association in saying we will support a reformed business tax that closes loopholes and helps fund our schools. And I haven’t forgotten that passing any good tax plan, whether it is tax relief, or appraisal reform, takes the muscle and moral support of licensed real estate professionals.

Last year we dealt with one of the two key elements of property tax bills, which is the maximum rate. We lowered taxes school taxes by approximately 50 cents, 33 percent, leaving some room for local districts to raise rates in order to comply with the Supreme Court ruling, while still making sure they can’t climb quickly or beyond a dollar seventeen. Your tax bill, however, is not just a function of the rate, but the value of your property too. For too long the local politicians have been bragging of tax cuts while living off of appraisal windfalls. I believe, in order for Texans to get long-lasting property tax relief, they need appraisal relief too. I know that not everyone agrees that a lower appraisal cap is the best way to go. I, for one, support such a solution, especially if it is tied to an increase in the local sales tax offset by a reduction in local property taxes, as the Texas Task Force on Appraisal Reform recommended. That group had the wisdom of creating a constitutional amendment package as well as a legislative package.

We know it is an uphill battle to lower the appraisal cap because it takes a two-thirds vote to get it on the ballot. But there are other innovations we can pursue with a majority vote. First, I believe, just as we must have a stronger spending limit on state spending, we must have strong spending protections at the local level too. The
spending limit I proposed for the state would amount to a little less than a five percent annual increase in the state budget. My proposal at the local level is to allow them a flat increase of five percent a year, and if they want to raise revenues even faster, take it to a vote of the people. Texans have supported most bond packages over the years when they felt it was for a worthy cause. They will support reasonable local expenditures too. This kind of revenue limit means appraisals can’t grow too fast, or otherwise government will have to lower rates to compensate for it.

I also support greater accountability in the appraisal review process, including more elected representation on the board of directors. And if all these reforms make it to my desk, I will also support mandatory sales price disclosure. But let me be clear, if all legislators do is send me a mandatory sales price disclosure bill without taxpayer protections, then I will simply view it as another ruse to raise taxes. But done in the context of comprehensive appraisal reform, I do believe sales price disclosure can help our appraisers do a better job. And by the way, I’m not disappointed with our appraisers: they do the best they can with somewhat limited information. What I’m concerned about is local officials raising taxes without a public vote, but instead through the appraiser’s note.

In four years we have turned a record deficit into a record surplus because of wise investments in jobs and restraint when it comes to spending. With a surplus larger than anticipated, I have proposed investing in health insurance so more Texans can get preventative care from a primary care physician rather than at the emergency room. I have proposed a new research initiative to find a cure for cancer. And I have proposed giving another two and a half billion dollars back to Texas taxpayers. It seems to me we have a choice with excess revenue: we can either give it back, or leave it sitting in an account to tempt legislators like a fresh batch of cookies in the cookie jar. Based on the dietary habits in this town, I say we remove the temptation. There will be those who say we must spend every dime on a litany of programs. But I believe government that tries to be all things to all people does few things well. When government tries to do too much it accomplishes too little. I’m a strong proponent of partnerships with the private sector. Why should government run your healthcare if the private sector can be induced into building a private insurance marketplace that can do it cheaper and better? And why have the government build our roads when private entities are willing to bid billions of dollars for the right to build them?

Last election you heard a lot of rhetoric on transportation. But here is what we have tried to do: use all available financial tools the legislature and the governor provide to build projects; use competition to drive down the costs of transportation projects; empower consumers to make their own decisions; and empower local and regional leaders to solve local and regional transportation challenges without a bunch of dictates from Austin. Today we are announcing the results of a competitive bidding process to build the state Highway 121 extension in the Metroplex. Those who pay for this new road will be the people who use it, and those who choose to not use this road will continue to enjoy the best highway system in the country without a massive gas tax increase. And what makes this even more valuable is that State Highway 121 comes with something I’ve wanted our roads to have for many years, and that’s a warranty. We expect it with our cars, televisions, and MP3 players, and now we can get it on our roads. The private sector will maintain this road for fifty-years.

If we had kept doing things the same old way, this road would not be a reality, but a distant pipedream. Furthermore, because of the tremendous amount of money private companies are willing to bid on this project, we can fund other needed projects without relying upon additional federal funding when Texas ranks 50th in the nation on its transportation rate of return. Building roads faster is not only about relieving congestion, it’s about
making us more competitive economically. Our economy demands the timely shipment of goods and services. That can’t happen when highway expansions take so long that by the time they are finished it is time for the next one on the same road.

My philosophy is this: state government ought to ensure that roads, classrooms and healthcare priorities are funded, that taxes are kept low and regulations left reasonable, and then get the heck out of the way so you can live the American Dream. As realtors, you are not only living that dream, but selling it too. I want you to succeed beyond your wildest dreams. Thank you, and God bless Texas.