

# Yes, Texas can end the property tax, by replacing with sales tax

by Talmadge Heflin

If you're a homeowner in Texas, hopefully you've already paid your property taxes. After Monday's deadline, what was already a hefty and growing tax bill will become even larger.

The Texas Legislature and our last two governors have acted in good faith to reduce property taxes, but the combination of rising property valuations and local government excesses have caused property taxes to continue their surge. So what can our state do to relieve this burden?

Last spring, the Texas Public Policy Foundation asked Arduin, Laffer & Moore Econometrics, LLC to answer this question, "How can Texas eliminate the burden of property taxes and still meet the needs of Texans?" Their answer: a broad-based sales tax.

By broadening the sales tax base and adjusting the rate, "lost" property tax revenue could be replaced with additional sales tax revenue, thereby getting rid of the need for property taxes altogether. A major burden on homeowners and businesses could finally be lifted and would only require relatively

modest changes.

If the state were to eliminate property taxes today, for example, and replace them with a broad-based sales tax, the rate could be as low as 9 percent, if it taxed all services that are taxed in at least one other state. This adjustment would be revenue neutral; in other words, it would generate the same amount of money for state and local governments as the current system.

Or the newly-adjusted sales tax rate could be set at 12.5 percent, which would tax the current base plus the sale of property, and again, still generate the same amount of revenue.

Whatever policymakers decide, the research clearly shows that abandoning the property tax system is not only possible, but it is relatively simple. And there are a number of economic incentives to do so.

Their research demonstrated that personal income, a measure of the state's wealth, in Texas could increase by as much as \$3.3 billion in the first year alone. Over a five-year period, the state's wealth could potentially see gains of \$52

billion.

In addition to creating a wealthier society, "the proposed tax reform would lead to a net gain of new jobs, during a five-year horizon, between 127,700 and 312,700 over the job growth Texas would have had if no tax reform were implemented."

This fact alone-generating between 100,000 to 300,000 new jobs-should be enough to give people pause and reconsider how we pay for government.

The tax swap could also help de-bureaucratize local governments around the state. Right now, more than 3,700 local governmental entities-cities, counties, school districts, administer a property tax. With the elimination of this system, these resources could be focused elsewhere.

Perhaps the greatest incentive, though, has nothing to do with creating more wealth, adding jobs to the state's economy, or reducing the size of government. It has to do with individual liberty.

So long as Texas' property tax system remains in place, no man or woman who owns a home or operates a business or has property of any kind, will ever truly own what they possess.

Right now, all of us rent from the government. Indefinitely.

Failure to pay your local property taxes in Texas means the government has the right to seize your property, whether you own it outright or not. Is this the kind of system we want?

Owning property is a fundamental right of every Texan, of every American, and that there are better ways to raise money for government than threatening

to take the homes and businesses of our state's residents. And if we can improve our economy and create jobs in the process, is that not all the more reason to do so?

It is time to abandon the property tax system and, in the process, make ourselves all the better for it.

The Honorable Talmadge Heflin is Director of the Center for Fiscal Policy at the

Texas Public Policy Foundation, a non-profit, free-market research institute based in Austin. He is a former Chairman of the Texas House Appropriations Committee.

## Group: Ike caused nearly \$12B in insured damage

AUSTIN, Texas (AP) - Hurricane Ike was the costliest weather catastrophe in Texas history in terms of insurance coverage, leaving behind nearly \$12 billion in insured damage, an industry group reported Thursday.

Total windstorm claims in Texas from Ike totaled \$9.8 billion, according to a statement from the Insurance Council of Texas.

The National Flood Insurance Program said Texas residents filed nearly 44,000 flood claims from Ike costing almost \$2.2 billion, the council said.

Ike made landfall in the Galveston area on Sept. 13, 2008, with a devastating 16-foot storm surge and 110-mph winds.

State officials previously have said Ike was the costliest natural

disaster in Texas history, with overall damage topping \$29 billion and more than three dozen lives lost.

"Hurricane Ike took the same path as Galveston's 1900 storm that claimed more than 6,000 lives," said Mark Hanna, a spokesman for the council. "Thankfully, coastal residents had been adequately warned for Hurricane Ike, but few were prepared for Ike's destructive storm surge. Many residents who lost everything did not have flood insurance."

The Texas Department of Insurance reported receiving more than 800,000 windstorm claims from Ike, including claims from Texas Windstorm Insurance Association policy holders.

TWIA is still getting damage

claims from Ike and expects to pay out \$1.8 billion in claims, the council said.

Louisiana reported \$318 million in flood losses related to Ike, according to the council.

Tropical Storm Allison, which struck the Houston area in June 2001, held the previous mark for the state's costliest weather catastrophe, with \$3.5 billion in insured losses.

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Financial Consultant & Tax Advisor

President Barack Obama signed legislation on February 17, 2009 that would allow you to get a higher refund on your 2009 tax return. On November 6, 2009 he again signed legislation that would expand the number of individuals qualifying for that refund on his/her tax return.

Educators can continue to deduct up to \$250 for supplies they buy for their kids. Parents with kids in college can use the higher hope credit of \$2,500 not just for freshman and sophomore years but their junior and senior years as well. After that, the lifetime credit still applies. Others outside of Texas may qualify for a credit up to \$3,600.

Homebuyers-first time or not, you may qualify up to \$6,500 or \$8,000 credit.

Bought a new car, truck, motorcycle or motor home? Get up to one third from Uncle Sam.

Did your home improvement expense include an energy savings part? Let Uncle Sam foot some of the bill.

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Have school age kids under 17? Uncle Sam wants to give you a bundle to keep them in school.

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**SEBASTIAN PONY EXPRESS LEAGUE**  
**2010 Baseball/Soft Registration**  
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<b>Dates</b> February 6, 2010	<b>Time</b> 10:00 am to 2:00 pm	<b>Place</b> Suavecito Resturant (Sebastian) Wal-Mart (Raymondville)
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**Bring child's birth certificate & registration Fee- \$25.00**

### TRYOUTS

**Child must attend one of the following tryouts.**

**TRYOUT FOR BOYS SHETLAND GIRLS**  
Thursday, February 11, 2010 @ 6:00 pm @ Sebastian Regional Park Regional Park

**TRYOUT FOR PINTO BOYS & PINTO GIRLS**  
Wednesday, February 10, 2010 @ 6:00 pm @ Sebastian

**TRYOUT FOR MUSTANG BOYS & MUSTANG GIRLS**  
Friday, February 12, 2010 @ 6:00 pm @ Sebastian Regional Park

**FINAL TRYOUTS**  
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**Season Starts on March 7, 2010**  
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**THANK YOU FOR YOUR SUPPORT**  
**YOUR VOTE WILL MAKE A DIFFERENCE.**  
**EARLY VOTE: FEBRUARY 16 - 26, 2010**


## PRIMARY ELECTION: TUESDAY, MARCH 2, 2010

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