



## Legislative Position Statement :

### Revenue Caps

#### Background:

Current law provides for a 'revenue cap' (also known as a 'rollback rate'), which limits local government tax rate increases. The current revenue cap for local governments is 8%. Currently, if a city or county increases the property tax rate by more than 8% over the previous year, voters can petition for an election to 'rollback' the increase. In recent legislative sessions, bills have been introduced to replace the 'rollback rate' with a lower threshold and require mandatory elections on an increase over the 'rollback rate'. The efforts to lower the current revenue cap have been proposed as a measure to provide property tax relief.

#### Position Statement :

Decreasing the current revenue cap is, at best, misguided public policy and will not achieve property tax relief.

- A lower revenue cap is a misguided , 'one-size fits all' solution. Locally elected governmental bodies are in the best position to determine the right policy decisions, and to determine the revenue and expense requirements for their own localities for the issues and challenges that they face. Our local governments need to be able to provide the services that local residents need and desire in areas such as health care, streets and roads, and public safety. What's right or desired in Texarkana might not be what's right or desired in Temple.
- A lower revenue cap does not address costs outside the control of the local government. Unfunded mandates, emergencies, and demand for services caused by rapid population growth can all require additional revenue in order to meet costs.
- A lower revenue cap can negatively affect the fiscal health of local governments by increasing the costs of debt thru lower bond ratings. Lower revenue caps will result in the inability to raise the revenue necessary to adequately fund bond requirements for needed infrastructure.
- A lower revenue cap hurts the ability of local governments to spur economic development by diminishing the flexibility to provide economic incentives. Cities and counties are the economic engines of the State and lower revenue caps limits their ability to offer economic incentives.

#### Ask:

- Leave the revenue cap where it is ... at 8%.
- Recognize that local governments are fiscally responsible and are in the best position to know what their respective communities need and desire.
- Recognize that a solution already exists if local residents believe their local governments have not been fiscally responsible or responsive ... it's called an election.

#### Points of Contact:

- Bell County Judge David Blackburn, [David.Blackburn@bellcounty.texas.gov](mailto:David.Blackburn@bellcounty.texas.gov) (254.933.5105)
- Temple City Manager Brynn Myers, [Bmyers@templetx.gov](mailto:Bmyers@templetx.gov) (254.298.5600)
- Killeen City Manager Ron Olson, [Rolson@killeentexas.gov](mailto:Rolson@killeentexas.gov) (254.501.7700)



### **Legislative Position Statement :**

### **Disabled Veterans Tax Exemption**

#### **Background:**

- State law provides that a disabled veteran is entitled to a 100% local property tax exemption.
- State law provides that a city adjacent to a US military installation and a county in which a US military installation is wholly or partly located may be entitled to disabled veteran assistance payment from the State.
- A city or county qualifies for the disabled veteran's assistance payment if lost property tax revenue from the 100% or totally disabled veteran residence homestead exemption under Tax Code Section 11.131 is equal to or greater than 2 percent of the city or county general fund revenue for that fiscal year.
- Killeen and Bell County currently qualify for the disabled veteran's assistance payment.
- Killeen lost \$3,447,140 in tax levy for FY 2017 and received state reimbursement assistance of \$902,952
  - o Since 2016 Killeen has lost \$15,000,000 in tax revenue due to the disabled veterans tax exemption
  - o Killeen's growth rate for the disabled veterans tax exemption has been 20% a year
- Bell County lost \$4,479,726 in tax levy for FY 2017 and received state reimbursement assistance of \$1,500,000
- Harker Heights does not currently qualify for disabled veterans tax exemption assistance from the State, but Harker Heights has lost over \$1,674,000 in tax levy due to the exemption (approximately 8% of general fund revenues)

#### **Position Statements & Asks:**

- We support the disabled veterans tax exemption, and we ask our Legislature to continue to support our disabled veterans.
- Recognize that the disabled veterans tax exemption creates a disproportionate impact on Bell County, Killeen, and Harker Heights.
- Recognize that the growth in the disabled veterans tax exemption is at a faster rate than new property tax growth and that this trend has resulted in an increased tax burden on active-duty soldiers, non-disabled veterans, military-connected families, and residents.
- Pass legislation to appropriate funding to fully fund assistance for cities and counties that qualify under the law for assistance.
- Pass legislation that would extend eligibility for the disabled veterans tax exemption assistance from the State to include cities within 20 miles of the military installation.

#### **Resource Points of Contact:**

- Bell County Judge David Blackburn ([David.Blackburn@bellcounty.texas.gov](mailto:David.Blackburn@bellcounty.texas.gov)) (254.933.5105)
- Killeen City Manager Ron Olson ([rolson@killeentexas.gov](mailto:rolson@killeentexas.gov)) (254.501.7700)
- Harker Heights City Manager David Mitchell, ([dmitchell@ci.harker-heights.tx.us](mailto:dmitchell@ci.harker-heights.tx.us)) (254.953.5600)



## Legislative Position Statement :

### Unfunded Mandates

#### Background:

- Unfunded mandates are state laws or regulations that require a local entity to perform certain actions with no provision for funding to fulfill the mandate being imposed.
- Examples of unfunded mandates at the County & City level:
  - o Indigent Health Care mandate ... Bell County cost = \$4,080,500 (3.66 cents on property tax rate)
  - o Indigent Legal Defense mandate... Bell County cost = \$3,600,000 (2.65 cents on property tax rate)

#### Position Statements & Asks:

- Unfunded mandates are poor public policy and the State policy and practice of imposing unfunded mandates should stop.
- Imposing unfunded mandates on local entities contribute to property tax rate increases.
- Do not support a bill that imposes a duty or obligation on a local entity to perform a certain action without providing the full measure of resources to fulfill the duty or obligation being imposed.
- Pass legislation prohibiting unfunded mandates. This legislation should include a requirement that any legislation being proposed also include a fiscal impact note for both the State of Texas and any and all local entities that will be charged with a duty or obligation to enforce, perform, and/or comply with the proposed legislation.

#### Resource Points of Contact:

- Bell County Judge David Blackburn, [David.Blackburn@bellcounty.texas.gov](mailto:David.Blackburn@bellcounty.texas.gov) (254.933.5105)
- Belton City Manager Sam Listi, [slisti@belontexas.gov](mailto:slisti@belontexas.gov) (254.721.5522)
- Harker Heights City Manager David Mitchell, [dmitchell@ci.harker-heights.tx.us](mailto:dmitchell@ci.harker-heights.tx.us) (254.953.5600)
- Temple City Manager Brynn Myers, [bmyers@templetx.gov](mailto:bmyers@templetx.gov) (254.298.5600)



## Legislative Position Statement :

### School Funding

#### Background:

- Texas is spending 15.6% less per student , in constant dollars, today than it was in 2010, and in addition...
- Over the past decade, the percentage of state funding relative to local funding for our schools has decreased
- In 2008, the school finance funding allocations were : State/44.9% ; Local/ 44.8%; Federal/ 10.3%
- In 2018, the school finance funding allocations were: Local/ 55.5%; State/35%; Federal/ 9.5%
- From 2008 to 2018, our school population has grown from 4,500,000 to 5,200,000
- This decade of decreases by the State has shifted fiscal responsibility from the State to the local ISD's
- The average Wealth per Average Daily Attendance ('WADA') funding from the State for school districts in Bell County is \$6,095 per student
  - The average WADA funding for all Districts in Texas is \$6,383 per student
  - The average WADA funding for Austin ISD is \$6,797 per student
  - The average WADA funding for the wealthiest ISD's in the state is \$7,375 per student

#### Position Statements & Asks:

- Despite a 13.7% growth in student population over the past decade, the State's funding , on a per student basis, has declined by 12.6% per student. This is wrong and should stop. The State must meet and fulfill its constitutional obligations for the support and maintenance of an efficient system of public free schools.
- The current public school funding system is overly complex, confusing and inefficient. Billions of dollars each biennium are wasted on funding elements that do not address any state recognized cost. This is wrong and should stop.
- Pass legislation that adopts and implements the recommendations presented to the Texas Commission of Public School Finance in May, 2018 by the Equity Center, to include:
  - o Begin school finance reform by recognizing that the solution begins with eliminating inefficiencies
  - o If the Equity Center approach is adopted, \$3.3 billion dollars of inefficiencies could be rolled back into the basic allotment/equalized wealth level ...the result would be an increase in the basic allotment from \$5,140 to \$5,571 (including charter schools) and an equalized wealth level increase from \$514,000 to \$557,100
- Support a shift from funding based on average daily attendance (to student enrollment) **only** if the State increases funding to the schools.
- Return to the 2008 funding allocation percentages of equal funding from the State and local ISD's.

#### Resource Points of Contact:

- Dr. Michael Novotny, Salado ISD Superintendent.. [Michael.novotny@saladoisd.org](mailto:Michael.novotny@saladoisd.org) / 254.947.6905 (ph)
- Dr. Bobby Ott , Temple ISD Superintendent.. [bobby.ott@tisd.org](mailto:bobby.ott@tisd.org) / 254. 215.6760 (ph)
- Dr. Susan Kincannon, Belton Superintendent.. [susan.kincannon@bisd.net](mailto:susan.kincannon@bisd.net) / 254.215.2004 (ph)