



TEXAS MUNICIPAL LEAGUE  
*Empowering Texas cities to serve their citizens*

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President **David Rutledge**, Mayor, Bridge City  
Executive Director **Bennett Sandlin**

March 15, 2023

The Honorable Joan Huffman  
Chair, Finance Committee  
Texas State Senate  
PO Box 12068  
Austin, Texas 78711-2068

Dear Madam Chair:

I am writing on behalf of the Texas Municipal League to provide comments on **S.B. 5** by **Senator Parker**. We certainly understand the need for property tax relief, and city leaders across the state are supportive of many measures to provide that relief. Additionally, we favor the approach in S.B. 5 to provide a franchise tax credit for inventory property tax liability.

That being said, we do have concerns about the potential impact of a \$25,000 across-the-board exemption for income-producing tangible personal property on residential taxpayers located in cities throughout the state. The fiscal note for S.B. 5 shows a revenue loss of roughly \$75 million per year to Texas cities. While this revenue loss can potentially be made up in a city's no-new-revenue property tax rate calculation, it also represents the amount of the property tax burden shift onto residential and other commercial taxpayers without income-producing tangible personal property.

As the Senate Finance Committee considers several property tax relief proposals this session, we encourage the committee members to be mindful of the impact of all such legislation on city taxpayers.

We look forward to working with the committee and the Texas Senate on these important property tax relief initiatives this session.

Sincerely,

Monty Wynn  
*Director, Grassroots and Legislative Services*  
*Texas Municipal League*