



Legislative UPDATE

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House Committee on Economic Competitiveness Releases Interim Report

On Tuesday, the House Select Committee on Economic Competitiveness released its [interim report](#). The report takes a big-picture look at the Texas economy, addressing how things like education, infrastructure, incentives, and quality of life considerations impact the economic competitiveness of the state. The entire report is worth reading.

Not surprisingly, the report emphasizes the importance of property tax relief to Texas businesses. What may come as a surprise, however, is the committee's recommendation for the best way to provide relief. Instead of recommending property tax caps that would stifle local governments' ability to promote a business-friendly environment, the committee suggests that the clearest path towards property tax relief is through increased state funding for public education. To that point, the report includes the following recommendation:

“As the state's share of public education funding has declined, the burden on local property taxes and recapture payments has grown, eliminating any opportunity for local property tax rates to be reduced. About 54 percent of all property taxes paid in Texas are collected by school districts. Therefore, the fastest and most effective way to reduce the property-tax burden is for the state to pay more of the cost of public education.”

The committee reached this conclusion after hearing testimony from distinguished business, academic, and community leaders from across the state. These leaders understand that meaningful property tax relief can best result from fixing our school finance system, not forcing revenue caps on local governments. Should the legislature act on this recommendation, it will not

only provide property tax relief to businesses and homeowners, but will further empower local governments to help shape the economic prosperity of the state.

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