Testimony in Opposition to SB 1
Ways & Means – September 30, 2021

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Every Texan opposes SB 1, because it puts tax cuts before kids by accelerating the costly elimination of the Tier I M&O property tax rate that was put in place by HB 3 in 2019. When our schools are facing more uncertainty than ever, the priority of the Legislature should not be additional tax cuts.

The budget passed for 2022-23 already contains over $1 billion in property tax compression. Under HB 3 passed in 2019, the maximum property tax rate will drop to $0.9001 per $100 of property value in 2023 – the second year of the recently passed budget, down from $1.00 per $100 of property value in 2019. Because HB 3 included provisions that eliminated former principles of tax equity, tax rates vary for districts based on property value growth. Meaning school districts with property value growth greater than the statewide average have their tax rates lowered further than districts not experiencing high property value growth.

The property tax compression in HB 3 costs the state more money each year without sending any additional funding into classrooms. Currently the state has no plan for how to pay for this growing annual cost. Without a new source of revenue, the state will be unable to make future investments in public education.
The Legislature is already failing to maintain the investments made in HB 3. With the passage of the two-year state budget for fiscal years 2022 and 2023, the Legislature solidified four years of stagnant funding for public education by ignoring the cost of inflation and not raising the basic allotment above the amount set in 2019.

Too many students were left behind in HB 3 and their needs continue to be ignored. Though PreK is required to be a full-day program for four-year olds, the state continues to only provide half-day funding. Funding for the 80 percent of emergent bilingual students did not see an increase from the 10 percent above base-level set in 1984. Very little was done to address the outdated system of special education funding. These needs existed before our schools were also charged with ushering our students through a global pandemic.

Outside of education, Texas leads the nation in both the number and the percentage of uninsured children and 21 percent of Texas children live in poverty. *Unallocated revenue is not a surplus when the basic needs of Texans are not being met.* We urge this committee to reject SB 1 and any similar legislation that puts tax cuts ahead of the health and education of Texas children.