



## Testimony to House Ways and Means Committee Against HB 8

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Every Texan is an independent policy research organization that advocates for equity-focused policies to help all Texans reach their full potential. We believe our state policymakers should wisely invest in our state and our people.

**Every Texan opposes HB 8. By continuing to cut taxes, HB 8 would harm our schools and other public services.** Preserving our state and local revenue is crucial for our public schools, health care, infrastructure, and other public institutions. Recent federal cuts in grants, labor, social programs and higher education will demand more of states and localities. Continuing to cut revenue would be disastrous to our communities.

Our \$24 billion carryover balance is not a structural surplus. It is an anomaly that will not continue, and it must not be used to fund ongoing tax cuts. In the 2026-27 biennium, the Legislative Budget Board (LBB) estimates that the cost of tax cuts implemented since 2019 will be \$51 billion – an amount equal to about one-third of General Revenue budgeted in HB 1.

### Our 2026-27 Carryover Balance is an Anomaly

The state's \$24 billion carryover balance is more than 3 times the 20-year average.

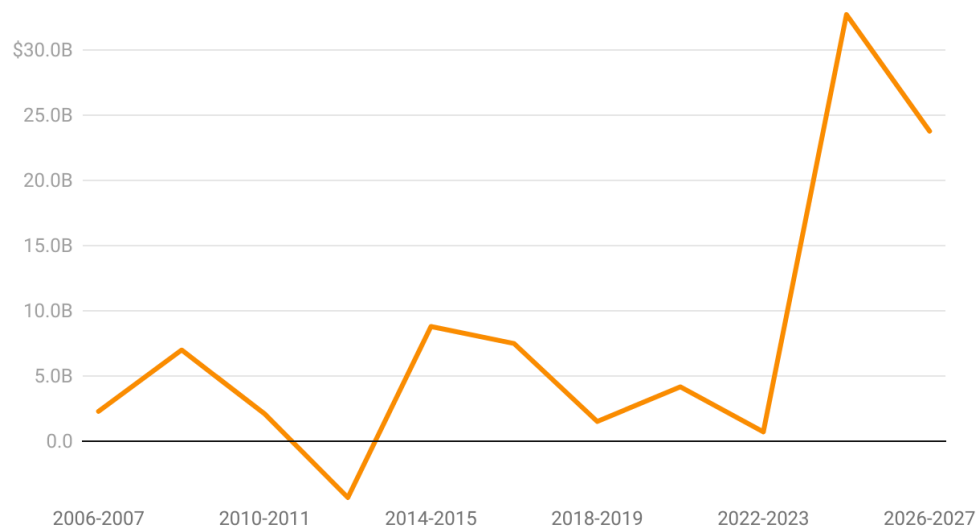


Chart: Every Texan • Source: Texas Comptroller of Public Accounts, Biennial Revenue Estimates • Created with Datawrapper

Texas lawmakers should learn from the experiences of other states that have cut taxes using their record-setting revenue: they are suffering the consequences as that revenue dries up.

According to the Center on Budget and Policy Priorities,<sup>1</sup> 26 states have cut their personal or business income tax rates since 2021, at a combined projected cost of \$124 billion by 2028. Many of those tax cuts are set to be implemented gradually over time, which hides their true cost and creates fiscal issues for the future. Tax cuts in Arizona, North Carolina, and West Virginia have been especially steep, slashing general revenue by over 10% and threatening imminent budget deficits in all three states. All these cuts represent less funding available for education, health care, and other state services.

Furthermore, **rate compression as provided in HB 8 is an inequitable way to cut property taxes.** According to property tax incidence data derived from the Comptroller’s 2025 Tax Exemptions and Tax Incidence report, more than 44% of the benefit of rate compression goes to Texas families making more than \$195,000 a year.

### Most Property Tax Cuts Unfairly Benefit the Wealthy

Depending on the method, half the benefits of property tax cuts often go to households making more than \$195,000 a year.

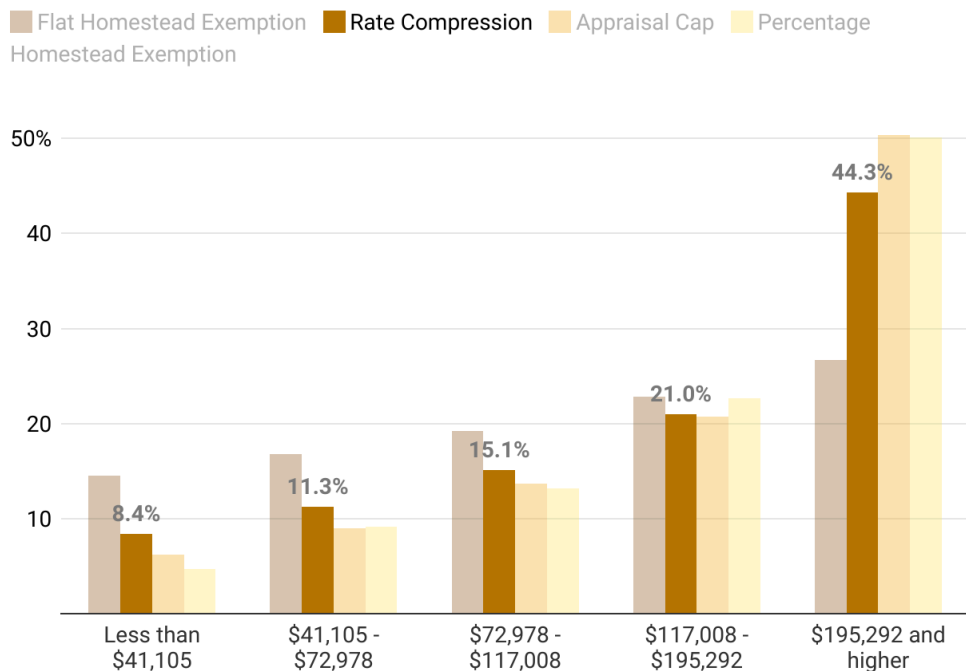


Chart: Every Texan

Source: Texas Comptroller of Public Accounts, Tax Exemptions and Tax Incidence Report, January 2025.

Notes: Vertical axis represents the percent of benefit of tax cuts realized by each income quintile of Texas residents.



Every Texan’s analysis of tax rates and rate compression since 2019’s HB 3 shows how schools are being given less and less flexibility to make revenue decisions based on their needs. The maximum tax rate has gone from \$1.00 prior to HB 3 to 68.55 cents in 2024-25. Meanwhile, the

<sup>1</sup> <https://www.cbpp.org/research/state-budget-and-tax/tracking-the-fallout-from-state-tax-cuts>

tax equity in our school finance system has decreased, as the gap between maximum and minimum tax rates has shrunk from 9.17 cents in 2020-21 to 6.86 cents in 2024-25. In those four years, the number of school districts forced to tax residents at the minimum rate has gone from 72 to 586.

## Nearly 600 ISDs Must Now Tax at the Lowest Rate

As many school districts struggle to balance their budgets, the state prohibits them from raising more revenue. Nearly 600 ISDs are now limited to the minimum tax rate, up from 72 just four years ago.

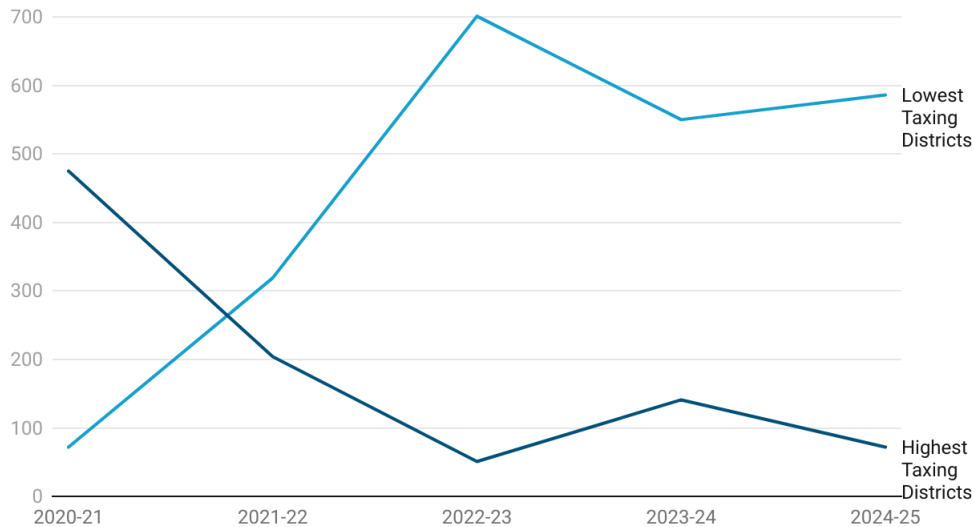


Chart: Every Texan • Source: Texas Education Agency • Created with Datawrapper

Additional tax cuts also would threaten schools at a moment when they are already vulnerable.

- Many school districts across the state are facing deficit budgets and campus closures.
- Post-COVID inflation has reduced schools' purchasing power.
- Extra pandemic federal funding used to shore up school budgets, such as ESSER, is mostly exhausted.
- If passed, a school voucher plan would cut into general revenue and school funding. The program proposed in HB 3 would cost \$1 billion the first year, but would quickly balloon into more than \$4 billion in just a few years, according to the Legislative Budget Board.

In short, we oppose HB 8 because the state has cut property taxes enough. Instead, we favor investing our revenue in better services for all Texans.

Thank you for the opportunity to testify.