



## Testimony to House Ways and Means Committee For HB 4236

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April 7, 2025

Every Texan is an independent research organization that advocates for public policy to achieve equitable access to quality health care, food security, education, and good jobs for all Texans. For 40 years, Every Texan has supported equity in our public schools and has been a recognized expert in school finance and taxation.

**Every Texan supports HB 4236.** With the decentralized nature of our state's property tax system, the Comptroller's School District Property Value Study (PVS) is intended to help ensure equity and consistency among appraisals across the state.

In this study, the Comptroller's office conducts a statistical analysis of total taxable property value in all districts once every two years. It then compares its results to those of local appraisal districts. If a significant discrepancy exists upon repeated analyses of a given district, the Comptroller may provide its own results to the Texas Education Agency for purposes of calculating the district's entitlement. This can reduce the district's state funding amount considerably.

Some school districts have raised concerns about the study. If the Comptroller's analysis suggests that local appraisals are too low, or "invalid," districts will see less funding than expected. The number of districts in this position has increased in recent years, with a sharp rise in 2022 due to the volatility of property values during the pandemic. As Texas school districts face budget shortfalls, inflation, workforce issues, declining enrollment, and cuts in federal funding, this presents yet another challenge.

Our state property tax system requires a difficult balance. On one hand, property tax revenue is the primary source of funding for our public schools. Despite the highly unequal distribution of property wealth throughout the state, our complex school finance system is intended to fund our schools as equitably as possible. On the other hand, we also must respect the essential rights and economic security of property owners, in accordance with our constitution's requirement for "equal and uniform" taxation.

For the sake of our schools and taxpayers, that balance must be right. A task force could take the necessary time and care to consider changes to the PVS outside the hurried timeline of a legislative session. This group could review the Comptroller's process for estimating property values, discuss unintended consequences with stakeholders, and provide recommendations for legislative action to ensure that fairness and equity are observed.

## "Invalid" Property Value Appraisals Continue to Climb

Since 2017, there has been a rise in discrepancies between local-level property appraisals and Comptroller estimates of market value.

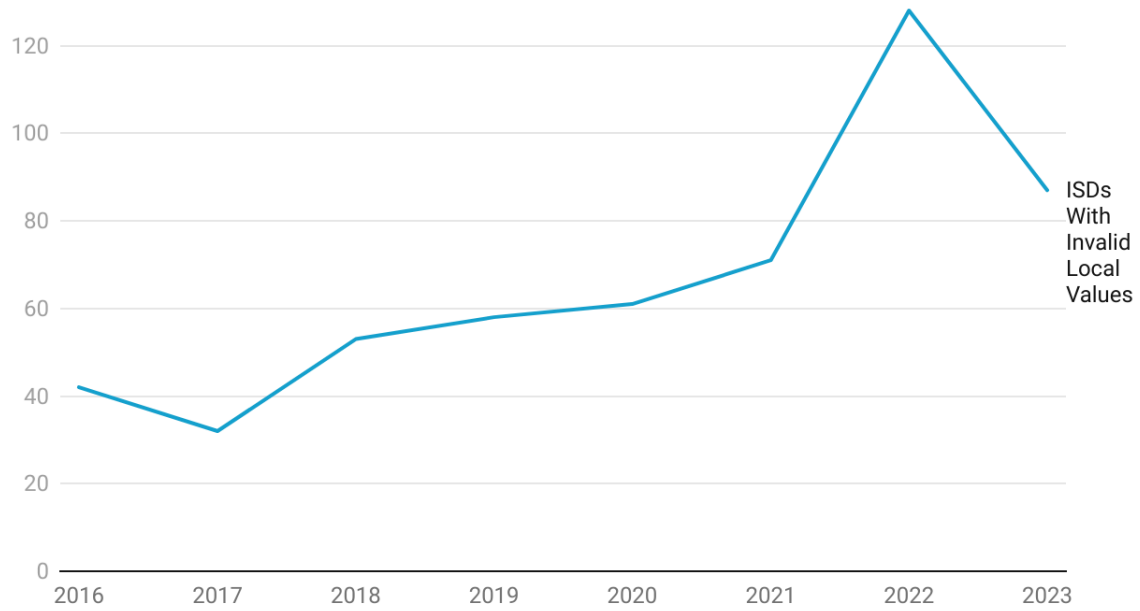


Chart: Every Texan • Source: Comptroller of Public Accounts • Created with Datawrapper