



TESTIMONY re: HB 2376

By: Phillip Smith-Hanes, Ellis County Administrator
House Committee on Taxation
Thursday, March 16, 2017

Chairman Johnson and Honorable Members of the Committee:

Thank you for the opportunity to testify today in support of House Bill 2376 which would amend the provisions of the property tax lid regarding elections. I would like to briefly address three questions for the committee today: Why is this legislation necessary? Why does Ellis County care? And, what assurance do we have that the voice of the people will be heard in local tax decisions?

Why is this legislation necessary? The question of whether a limitation on local property taxes should exist at all is one of fair debate, but given that the Legislature has enacted such a limitation it makes sense that it be a workable limitation. The subject of this legislation is the process for local governing bodies to exceed the calculated limit when the needs of the community so dictate. I have worked in four different communities in two states and I've never encountered a local official who would make a decision to exceed a tax lid without deeming it absolutely necessary. Once that decision is made at the local level, however, the process as provided under current law is for an election to be called at the expense of the city or county proposing to exceed the lid. That means adding an additional cost to a city or county that has already deemed itself unable to function without additional tax revenue. The legislation before your committee today, by contrast, would provide a local option for securing the consent of the people. The local governing body could, by a 2/3 vote, call for an election and incur that expense. Or it could conduct an election only upon receipt of a protest petition signed by 10 percent of the electorate.

Why does Ellis County care? I need to be clear with the Committee that I am not here today because I anticipate that Ellis County will need to use the election process under the tax lid in setting our budget for 2018. We believe we will stay well within the adjustments provided for under the lid. So why do we care? Because like all cities and counties, we are living under the property tax limitation starting this year. And, as I said earlier, we have an interest in that limitation being workable. If, at some point in the future, it becomes necessary for the Ellis County Commission to adopt a budget that exceeds the calculated limit under the lid, I want to ensure that we will not then be forced to incur an additional expense in getting the concurrence of the voters. That naturally brings me to my last point, with which I believe all legislators will be concerned.

What assurance do we have that the voice of the people will be heard in local tax decisions? In Ellis County, for the last three years in a row we have reduced the amount of revenue



collected from property tax. We also work hard to provide opportunities for the public to participate in the budget process. In fact, the topic of the budget for this year appeared in front of the County Commission at least six times. All of these meetings were noticed in accordance with the Open Meetings Act and we had two members of the local media present at each one of those meetings. I also personally spoke to three service clubs in our community about our budget. There is not a lack of information available to our residents – or voters of most communities – about the important budgetary decisions facing local elected officials. Furthermore, this legislation continues to provide for a process of conducting a local election in the event of a vote by the governing body to exceed the tax lid limitation.

The bill before the Committee today provides an important update to the property tax lid to increase its workability for cities and counties while protecting the public's voice. Accordingly, I urge the Committee to approve HB 2376.