

TEXAS LEGISLATURE FAILS TO DELIVER A PROPERTY TAX CUT



HUFFINES 
LIBERTY FOUNDATION

What Happened to the \$18 Billion Property Tax Cut

Last year, Texans were told that the Texas Legislature had passed an \$18 billion property tax cut, the largest tax cut in Texas history. It turns out this was not the case.



According to numbers newly released by [Texas Comptroller Glenn Hegar](#), total property tax revenue was increased in 2023 by \$165.2 million. While the increase was much less than in previous years, it was not the largest tax relief in Texas history; it fell more than \$600 million short of the Legislature’s limited tax cut in 2007.

Figure 1: Total Texas Property Tax Revenue: 2022-23

Tax Year	Special Districts	County	City	School Districts	Total Revenue
2022	11,114,932,893	12,797,292,176	13,634,971,451	43,947,280,443	81,494,476,962
2023	12,642,316,100	14,272,154,384	14,934,755,802	39,810,455,014	81,659,681,300
Change	1,527,383,207	1,474,862,208	1,299,784,352	-4,136,825,429	165,204,337
%	13.74%	11.52%	9.53%	-9.41%	0.20%

So what happened to the \$18 billion?

There actually never was \$18 billion in the first place. According to Texas’ Legislative Budget Board, only \$12.7 billion was dedicated to new property tax relief in SB 2, the property tax bill ([LBB](#)). Politicians fabricated the \$18 billion so they could claim 1) it was the largest property tax cut in history—larger than the 2007 property tax cut, and 2) the tax cut used at least half of last year’s record \$32 billion budget surplus.

Then, because Texas operates on a two-year budget cycle, only \$6.1 billion of the \$12.7 billion in SB 2 was dedicated to reducing school property taxes

this year (school districts operate on an annual budget). The other \$6.6 billion will be used next year to pay for this year’s school property tax reduction ([LBB](#)).

Why Property Tax Revenue Increased

Despite the Legislature using \$6.1 billion to reduce property taxes, property taxes increased by \$165 million. Why? Because schools, cities, counties, and special districts raised property tax revenue more than the Legislature lowered it.

Figure 2: Amount of Property Tax Relief Lost to Local Property Tax Increases

Special Districts	Counties	Cities	School Districts
\$1,527,383,207	\$1,474,862,208	\$1,299,784,352	\$1,963,174,571

Throughout last year, many advocates for eliminating property taxes warned legislators and state officials that they needed to do more than buy down property taxes. For instance, [Don Huffines wrote](#), “At the same time[the Legislature sends money to each school district and instructs them to lower their property tax rates], school districts and other local governments raise their property taxes to get more revenue, with each new dollar of local revenue offsetting a dollar of the Legislature’s tax relief.” That is exactly what happened.

School property taxes should have gone down by \$6.1 billion; instead, they only fell by \$4.1 billion. That means school districts increased property tax revenue enough to wipe out \$2.1 billion of the property tax cut. Texas State Rep. Carrie Isaac filed a bill last session, [HB 4479](#), that would have prevented that from happening. It never received a hearing in the Texas House of Representatives.

Other taxing entities did the same thing. Cities, for instance, increased property tax revenue by a total of \$1.3 billion, an increase of 9.5%. Property taxes for counties, likewise, increased by \$1.5 billion, up 11.5%. And special districts jacked their revenue up \$1.5 billion, more than 13% than in 2022. All of this happened despite alleged limits placed on property tax growth of 2.5% on schools, 3.5% on cities and counties, and 6% on special districts. As can be easily seen in these numbers, the limits are so riddled with loopholes that they are essentially meaningless.

Sen. Paul Bettencourt was one of several legislators

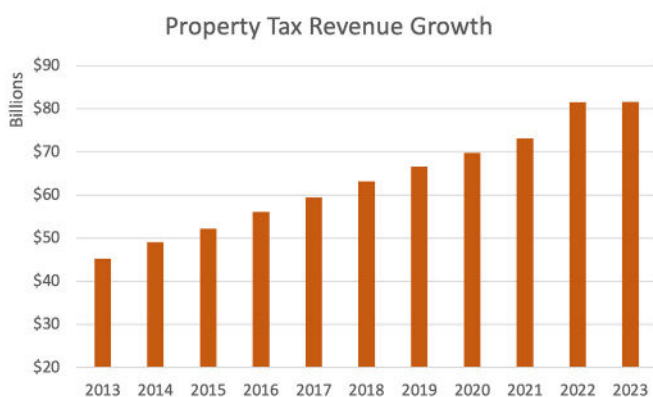
who complained this fall that local governments [were raising taxes](#) and cutting into the property tax cut. However, the Texas Legislature did not do anything to stop this while they were in session despite being warned by grassroots advocates that something needed to be done.

Homeowners are Receiving Property Tax Cuts, but Many Renters and Small Businesses Are Not

When his property tax bill passed, Sen. Bettencourt promised the average homeowner would see \$1,266 of property tax relief ([Bettencourt](#)). And many individual homeowners have received property tax cuts. For instance, the tax bill for a single-family residence with a homestead in Houston with a market value of \$375,000 dropped \$547 ([Harris County](#)). The tax bill for a house with a homestead exemption valued at \$805,000 in Travis County was reduced by \$430 ([Travis County](#)). And some homes saw larger reductions. But for the most part, the property tax cuts were focused on homes with homestead exemptions. Other property owners were not so lucky.

In Tarrant County, for example, a \$393,000 house with no homestead exemption saw an increase in property taxes of \$65 ([Tarrant County](#)). An apartment complex in Dallas saw its property tax bill increase by \$100,000; no doubt, the tenants in the complex will soon see that reflected in their monthly rent ([Dallas County](#)). A small business (auto repair) in Carrollton experienced a tax hike of \$777 ([Dallas County](#)).

The effort to cut property taxes in 2023 was the fourth time in the last ten years that Texas politicians have promised real property tax relief; each time, they have failed.



A Missed Opportunity

Heading into 2023, Texas has amassed a record \$32 billion budget surplus. With more money coming into the coffers as the economy recovered from the COVID lockdowns, the Texas Legislature had more than \$69 billion in new funds to spend—an amount unprecedented in Texas history.

However, rather than take advantage of this once-in-a-lifetime opportunity to cut property taxes and put Texas on the path toward eliminating school property taxes, the Texas Legislature decided to spend money—a lot of it. New spending for the current two-year budget cycle totaled \$55.6 billion, a 34% increase; only \$12.6 billion went toward property tax relief. If the Legislature had committed the full \$32 billion surplus to property tax relief, school property taxes could have been eliminated in eight years or less. Now, it will likely take longer.

Texans Can Still Eliminate School Property Taxes

Despite the failed promises, Texas can not only reduce property taxes but also eliminate the school property tax in about ten years. If our elected officials really want to do it. These five steps will bring Texans long-awaited and permanent relief from runaway property taxes without creating a new tax or reducing school funding. It is up to Texas voters and politicians to make it happen.

Limit State Spending Growth

Limiting state spending growth to no more than 5.9% per biennium (2.9% annually) will provide adequate state revenue to eliminate the M&O portion of school property taxes within eight years.

Freeze School M&O Property Taxes

Eliminating the ability of school districts to increase M&O property taxes by freezing school property taxes at the current level stops school districts from interfering with a buydown. This will not change school funding formulas or reduce overall school funding.

Use 90% of Current and Future Texas' Budget Surpluses for the Property Tax Buydown

Fiscal discipline at the state level will provide enough funds to eliminate the M&O property tax in

10 years (or less) only if 90% of the surpluses generated are used for the buydown.

Require Voter Approval for Local Governments to Exceed the No-New-Revenue Tax Rate

Cities and counties constantly undermine property tax relief by rapidly filling in the gap created by a reduction in school property taxes. They should be required to ask voters for permission if they want to keep doing so.

Enshrine Property Tax Relief in the Texas Constitution

Property Tax relief can be accomplished by the Texas Legislature passing a new law. But to ensure a future Legislature does not backtrack on its promises, property tax relief must be made permanent through the passage of an amendment to the Texas Constitution.



About the Founder

Don Huffines

Former Texas State Senator Donald B. Huffines is a strong Christian, proud fifth-generation Texan, husband, father, grandfather, and self-made businessman.

Don Huffines fought fearlessly for fiscal restraint and government accountability in the Texas State Senate while representing Dallas County.

During his time in the Senate from 2015 to 2019, Senator Huffines served as the Vice-Chair of the Texas Senate Border Security, Veteran Affairs, and Transportation committees. Huffines also earned a reputation as one of Texas's most conservative lawmakers.

Don Huffines founded the Huffines Liberty Foundation to promote the values we all cherish that make Texas great.



The Huffines Liberty Foundation is a 501(c)(3) non-profit, non-partisan research institute.

Our mission is to advance the cause of liberty, prosperity, and virtue in the State of Texas by educating citizens so they may hold their elected officials accountable.

We look beyond the obvious and develop researched solutions based upon the common sense liberty principles of individual rights, fiscal restraint, personal responsibility, limited government, and social conservatism.

The Huffines Liberty Foundation encourages and educates citizens so they are better informed to tackle the toughest challenges.