

# The Path to Long-Lasting Property Tax Relief in Texas



## Introduction

Many Texans, and their bank accounts, are exhausted by the constant rise in property taxes. For years, they have been promised meaningful tax relief, and even the eventual elimination of property taxes altogether. Yet each year, tax bills continue to climb. Texans are right to question why they must rent their property from the government and why their political leaders have not delivered on their promises to ease this burden.

Before Texas can move toward eliminating property taxes, it must confront the immediate cause of the problem: local property tax increases that consistently outpace property tax relief efforts by the Texas Legislature. Without addressing this, legislative relief efforts will always fail. Every “cut” will continue to be swallowed by rising local taxes and spending.

This paper builds on earlier Huffines Liberty Foundation research and incorporates solutions based on recent public discussions about property tax policy, including suggestions from Texas Gov. Greg Abbott. The goal is to move past recent Legislative efforts by providing a clear, workable path forward, focusing first on stopping runaway property tax increases and then establishing a foundation for permanent relief.

## Why Past Property Tax Relief Has Not Lasted: Local Property Tax Increases Outpace Tax Relief

For decades, local governments, school districts, and special districts have increased property taxes at rates far above inflation

and population growth to pay for their runaway spending growth. Even when the Legislature funds tax cuts for schools, local jurisdictions simply fill the gap with higher taxes. As a result, taxpayers only temporarily feel the benefit.

The math is simple: if local spending rises faster than legislative tax relief efforts, tax bills will too. No reform, no matter how large, can keep up unless the spending side of the ledger at the state and local level is controlled. This explains why many Texans saw limited relief even after recent historic state-funded efforts. Local budgets expanded, and taxpayers ultimately paid the price.

This is not primarily a question of political will but a question of structural incentives. Under current law, local governments retain numerous ways to increase revenues even when tax rates fall, including new construction, appraisal growth, and various exemptions. Without stronger limits, taxpayers remain vulnerable to escalating bills.

## A Four-Step Solutions Framework for True Property Tax Relief

From the current situation, four reforms emerge as essential to protecting Texans from steep property tax increases and laying the groundwork for their eventual elimination. Most local governments will complain that with these steps, the Legislature is taking away local control, but the better way of thinking about this is that the Legislature is restoring local liberty to Texas taxpayers.

### ***1. Require Two-Thirds Voter Approval for Any Property Tax Revenue Increase***

As Governor Abbott has proposed, Texans should have the final say before a local taxing entity (school, county, city, or special district) increases the total amount of property tax revenue it collects. Under this reform, any year-over-year increase in revenue would require approval from two-thirds of participating voters. In practical terms, the voter-approval rate becomes any tax rate that generates more property tax revenue than the year before.

This safeguard ensures that higher property tax burdens cannot be imposed unless there is overwhelming community support. It shifts the presumption away from automatic increases and places taxpayers, rather than local governments, firmly in control of whether taxes rise.

## **2. Empower Voters to Roll Back Excessive Taxes**

Governor Abbott has also proposed giving voters the authority to force tax reductions when local governments overspend. Under this reform, if 15% of registered voters in a jurisdiction sign a petition, a rollback election would be triggered, giving taxpayers the power to reduce that entity's property tax revenue.

To maintain stability in budgeting and avoid sudden disruptions, each rollback should be capped at a reasonable level, such as a maximum 10% reduction per fiscal year. This ensures that reductions happen in a controlled, predictable manner while still providing taxpayers a meaningful tool to rein in spending. This step creates an important counterweight: if officials attempt to push budgets beyond what taxpayers can bear, voters will have the power to correct course.

## **3. Eliminate School Maintenance and Operations (M&O) Taxes**

School district Maintenance and Operation (M&O) taxes make up the largest share of Texans' property tax bills. Eliminating them is essential to long-term relief. This step requires three coordinated actions:

- 1) Freeze school M&O tax rates to stop further growth.
- 2) Limit state spending growth to no more than 3 percent annually.
- 3) Use the resulting surpluses to systematically buy down school M&O taxes.

Under these conditions, Texas can fully eliminate the school M&O tax within eight to twelve years. This strategy requires no new taxes, no tax increases, and no reduction in school funding. Both state and school budgets would grow more slowly, ensuring that taxpayers benefit from fiscal discipline while education remains fully supported. When complete, this step alone would reduce the total property tax burden on Texans by more than one-third.

## **4. Eliminate All Remaining Property Taxes**

Once the school M&O tax is removed, Texas can apply the same buy-down mechanism to eliminate all remaining local property taxes. The timeline will depend on how aggressively local voters make use of rollback powers in Step 2, but full elimination could be achieved within ten to twelve years.

Again, this requires no new taxes and no tax increases. Instead, it relies on steady limits on government spending, predictable surpluses, and a disciplined commitment to returning those funds to taxpayers. Making complete elimination last in line will allow the time needed to develop a methodolo-

gy for replacing local property tax revenue. Voters who aggressively take advantage of local rollback elections will help their local governments get a head start in developing this methodology and reducing the need for state involvement.

## **Conclusion**

Texans want and deserve lasting property tax relief, but the path to eliminating property taxes is not paved with promises or

one-time cuts. It begins with stopping the rapid growth of local spending that has eroded the benefits of every legislative attempt at relief.

By taking these four steps, Texas can finally move toward a future where property taxes no longer threaten family budgets and home ownership. With them, and with the fiscal restraint required to eliminate school, county, city, and special district property taxes, Texas can finally deliver real relief.

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