

Disclosure needed for fair taxation

If the Legislature wants property tax relief and reform, there's an easy fix.

Over the course of the summer, the Legislature's House Committee on Property Tax Relief and Appraisal Reform has held public hearings across the state. And from Hidalgo to Tarrant County, citizens have raised two common complaints: Property taxes are too high, and regular homeowners aren't getting fair treatment.

Yes, property taxes in Texas are high. And they'll remain high as long as taxes on real property remain the primary source of revenue to pay for public education.

A ruling from the Texas Supreme Court was necessary to compel lawmakers to give property owners a tax break by creating a broad-based business activity tax. Additional relief from shifting the tax base to a higher sales tax or — dare one say it — a state income tax simply isn't politically feasible at this time.

So the real issues — the politically doable issues — are ones of fairness: seeing that property owners get a fair shake from their appraisal districts and ensuring that residential homeowners pay their fair share of property taxes.

No single act would do more to ensure fairness in property taxes than to make mandatory the sales price disclosure of real estate transactions. Appraisers

have a relatively easy job assessing homes in working and middle class neighborhoods. Information on sales is readily available from public sources.

The prices of exclusive and custom homes, however, frequently can't be found through the Multiple Listing Service. Mandatory disclosure would bring uniformity to the appraisal process and help equalize the tax burden among all homeowners.

The real equity in mandatory disclosure, however, would come from more accurate assessments of commercial property. Commercial real estate transactions are so closely guarded that appraisal districts routinely underestimate market values by a wide margin.

Research by Bexar County Chief Appraiser Michael Amezcua found that while, statewide, residential property is assessed at 85 percent of fair market value, commercial property is assessed at only 60 percent of fair market value. All homeowners bear the burden of lost revenue from commercial real estate.

Sen. Jeff Wentworth, R-San Antonio, and Rep. Mike Villarreal, D-San Antonio, have waged a lonely and — thus far — unsuccessful fight on this issue in Austin. If fellow legislators are serious about property tax relief and appraisal reform as well as instilling more fairness in the property tax process, they'll join the effort for mandatory disclosure.