



## AMERICANS FOR TAX REFORM

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Grover G. Norquist

President

May 21, 2004

Dear Legislator,

**I am writing to you to urge you to keep in mind several points in light of the recent end of the special session on public school finance.** The session ended early with little progress made, and there are some telling lessons to be learned.

First, reform done *correctly* is essential to Texas children, Texas families, and Texas businesses. Students must receive a quality education without extra burdens being placed on hard-working families and businesses.

**As experience in the House shows, any plan that is an overall tax increase is dead politically.** The original plan would have raised billion of dollars in new revenue to fund new spending on education. But even before a vote could be taken, support for the plan collapsed, and the House finally voted on a rump of a plan that no one took seriously.

**Second, any reform must fix the structural problems of the Texas schools, not just throw more money at a broken system.** No one is served if problems are papered over now, only to resurface in a couple years, demanding more special sessions and more “sacrifice” from taxpayers.

**Other states have faced similar dilemmas, and a look at their experience is illustrative.** In the late 1970’s, Massachusetts had the highest local property tax burden in the nation, and New Jersey had the second highest. These two states took different routes and achieved different results. Massachusetts implemented local spending limits and increased voter participation in local budget decisions. In New Jersey, a state income tax was created *and was mandated in the state constitution to fund local property tax relief only.*

After a quarter century, Massachusetts and New Jersey have experienced opposite results: Massachusetts property tax burden has fallen from highest in the nation to below the national average; 38 states have a higher combined state and local tax burden than Massachusetts. But New Jersey’s local property tax burden is the highest in the nation

and the state income tax has not reduced local property taxes in any year despite being “constitutionally” dedicated.

**Massachusetts property tax growth would have not been able to be reduced without the firm limit on spending growth at the local level, similar to what Gov. Perry has proposed.** Thus, local property tax revenue fell, and was replaced by state aid, but local spending was not allowed to increase. In New Jersey, on the other hand, the state income tax has created new spending, thus the tax burden at both the state and local level went up every year.

**Another key component of reform is school choice, which Gov. Perry has also promoted.** Bringing competition and accountability into the school system will improve the performance and hold down the costs in both the public and the private sphere.

**As you look for a solution to Texas’ education finance problems, I want to offer you all the resources at my disposal to help you craft a plan.** If a solution can be found that avoids net tax increases, controls spending growth, and encourages accountability and choice, the children of Texas will get a quality education and the Texas economy will stay strong.

Onward,

A handwritten signature in black ink, appearing to read "G. G. Norquist", written in a cursive style.

Grover G. Norquist

