



NEWS

AMERICANS FOR TAX REFORM

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FOR IMMEDIATE RELEASE
7 MAY 2003

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TEXAS SENATE PLAN WILL HIKE TAXES!! *Complicated Tax Changes Will Devestate Texas Economy*

WASHINGTON – Americans for Tax Reform (ATR) strongly opposes efforts by Texas Lieutenant Governor David Dewhurst and members of the state Senate to increase taxes for hard-working Texan families. This despite the fact that Dewhurst signed Americans for Tax Reform's Taxpayer Protection Pledge, thereby promising to "oppose any and all efforts to increase taxes."

CSHB 5 would result in a tax increase of \$606.8M in 2004 and a cumulative tax increase of \$6.164B through 2008.

If CSHB 5 were indeed a tax cut, the STAMP model of measuring the bill's economic impact would not demonstrate jobs loss. In fact, if CSHB 5 becomes law, Texans will suffer the loss of 271,700 jobs from 2004 – 2008.

On May 2, 2003, the Texas state Senate voted unanimously to approve CSHB 5, including sweeping public education funding changes that severely compromise Texan taxpayers by replacing \$8 billion in annual property tax revenue with the following:

- Increase the state sales tax from 6.25% to 7.25%; after accounting for local option sales taxes, Dallas County taxpayers would face a combined sales tax of 9.25%
- Extend the sales tax to include most services
- Increase the motor vehicle sales tax from 6.25% to 7.5%
- Eliminate half of school property tax levies and replace the other half with a new state-wide property tax to be capped at 75c/\$100 of valuation.
- Eliminate local property taxes except for an optional levy of up to 10c more than state-wide tax

"CSHB 5 is a net tax increase for Texan taxpayers, not least because property taxes are deductible and sales taxes are not. Furthermore, CSHB 5 regressively impacts lower income taxpayers most," commented Grover Norquist, President of ATR.

"This proposal is not sound public policy. House leaders and Governor Rick Perry are correct to consider school funding reform more carefully, whereas hastily-prepared proposals such as Mr. Dewhurst's only confuse the Robin Hood issue further and increase the tax burden for hard-working Texans."

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.