

August 7, 2006 In recent weeks I've written about how inflation is alive and well, especially when it comes to the cost of housing, energy, gas, and education. But perhaps the most worrisome type of inflation comes in the form of steadily rising property taxes. Property taxes keep going up for most Texans, and people living on fixed incomes are especially concerned. They often find their homes being reassessed every year at values far beyond what they originally paid. So an annual property tax bill that once was a manageable \$500 or \$700 might now be \$1500 or \$2000. Of course Texas tax laws are made in Austin, not Washington. Assessments are made at the county level. And the Texas legislature recently passed HB1, which does provide some real property tax relief over the next three years. But as a Texas taxpayer myself, I would like the state legislature to consider an additional proposal. Specifically, end the practice of annual assessments. Properties should be reassessed for tax purposes only when sold or ownership is otherwise transferred. The current system is terrifying for seniors forced to pay more and more each year, with no idea where they will find the money. And unlike other bills, property taxes must be paid or else one's home can be taken away. My office hears from seniors who may have no choice but to leave Texas altogether because they cannot live with the uncertainty of arbitrary property tax increases. They literally fear losing their homes. At the federal level, Congress can act now to provide relief to those paying high property taxes. Although property taxes are deductible on your federal tax return, the current rules require taxpayers to itemize to take the deduction. Many people have a hard time paying \$2,000 or \$3,000 in property taxes, but they don't have enough other itemized deductions to exceed the standard deduction. I introduced HR 5860 to address this problem. This legislation creates an "above the line deduction" on the first page of your 1040, meaning you can deduct every penny of your property taxes without itemizing and still enjoy the full value of your standard deduction. Even taxpayers using 1040A or 1040EZ forms can take the deduction. This means average and lower income taxpayers can take the same deduction for their property taxes that high-income taxpayers with complex deductions now enjoy. Property taxes are only one piece of the puzzle. Overall, most Americans hand over at least 40% of every dollar they make to government at some level. The appetite for your tax dollars—whether at the federal, state, or local level—will continue to grow year after year unless we begin to rethink the proper role for government in our lives. If you think you've been squeezed for every last drop of taxes, demand that both your representatives in the statehouse and Washington do something to address spiraling property taxes.