

*March 13, 2023*

*House Committee on Ways and Means Verbal Testimony*

*ON HB 2*

My name is Glenn Hamer, I am testifying on behalf of the Texas Association of Business **ON** HB 2.

Dear Chairman Meyer and House Ways & Means Committee Members,

I am the President and CEO of the Texas Association of Business. TAB is the State Chamber of Commerce and the state affiliate for the National Association of Manufacturers. TAB represents members across every industry sector and size, and our local chamber partners across the state. TAB's purpose is to "champion the best business climate in the world, unleashing the power of free enterprise to enhance lives for generations".

On behalf of the Business Community of the greatest state in the country, we thank you Chairman Meyer, the members of this committee, and the Texas legislature and Governor for your leadership to make sure Texas remains the best place to live, do business, and raise a family. Most of you were here in 2019 and played a part in passing major Tax reforms through HB 3. Although I wasn't here at that time, I am personally benefiting from those reforms as many other Texas residents and businesses are as well.

TAB supports aggressive property tax reforms like the compression provisions in HB 2, and has long supported measures to equitably distribute the burden of business sector taxes among all businesses, including service and manufacturing. We thank you for including tax rate compression for all Texans in House Bill 2.

However, TAB respectfully opposes the provisions in HB 2 that impose a 5% appraisal cap on all real property. Over time those caps create an unequal distribution of taxes. For example, certain properties appreciate more rapidly (homes, office buildings, shopping centers, apartments) than others (industrial properties, business personal property) creating an unequal burden for uncapped property.

During the interim, this committee studied and provided recommendations for meaningful tax relief and to improve Texas' tax competitiveness including:

1. using surplus revenue, and other available funding sources to establish additional permanent school district tax rate compression (at least \$0.10) to provide uniform and substantial tax relief for all property taxpayers in the state.
2. examine further slowing the growth of school district property taxes by reducing the allowable growth percentage.
3. eliminating the property tax on tangible personal property.
4. providing tax relief on inventories taxed at the local level by reducing or eliminating the inventory tax.

TAB supports all of the measures recommended by the committee during the interim and thanks you for your work, we believe the interim recommendations benefit all Texas residents and business owners, while encouraging growth and investment in Texas. The 2019 reforms with HB 3 and SB 2 were monumental in achieving long-term benefits that taxpayers are just now reaping the benefits of through the form of tax compression.

To date, Texas has deliberately planned to strengthen our Texas economy and ensure Texas is a favorable place for company investment and economic growth. Our pro-business regulatory climate, our flexible talent base, and tax policies have made Texas successful in these efforts. The business community strongly urges the legislature to consider overall rate compression in lieu of appraisal caps to maintain a fair and sustainable tax structure that will continue to benefit our economic growth far into the future.

TAB is prepared to work with you, Mr. Chairman, this committee, and the entire legislature to create a tax structure that ensures tax relief, tax fairness and economic growth for decades to come.

On behalf of the Texas Association of Business, I thank Chairman Meyer and the members of this committee for addressing this important issue and allowing me to testify today.