

LEWISVILLE

Deep Roots. Broad Wings. Bright Future.

Mayor's Office

May 9, 2016

The Honorable Paul Bettencourt
Texas Senate
11451 Katy Freeway, Suite 209
Houston, Texas 77079

RE: SENATE SELECT COMMITTEE ON PROPERTY TAX REFORM AND RELIEF

Dear Sen. Bettencourt:

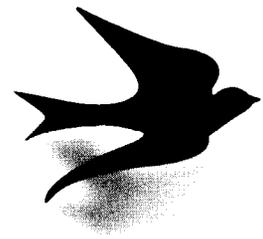
Thank you for your time and attention. I'd like to follow up on my comments at the public hearing recently held in Arlington.

My neighbor and peer in Carrollton, whom the committee referred to as "A Unicorn" based on his comments (many of which I agree with) about PAYGO and reducing debt, told the committee that reducing the cap would actually hinder his ability to move the city in the direction of more cash funding of infrastructure. He had the exact same stance as every other official testifying in opposition to an arbitrary 4% cap, that it would hamper his ability to serve his constituents. He and his city may have different goals from a Dallas, a Southlake, or even a Lewisville, but we are all impacted by removing a tool from our tool box to serve residents.

Cities and counties aren't looking for ways to bloat their budgets; we're asking to be given the full gamut of tools - financial and otherwise - to perform the people's business.

I'll agree that the current 8% rollback standard is arbitrary since no one can seem to identify where it came from. But it's no more or less arbitrary than the proposed 4% revenue cap and doesn't run the risk of forcing cities to max out the system to achieve PAYGO or take on more debt to meet the demands of aging infrastructure or rapid growth. Senator Taylor's idea of some more objective measure that floats based on the economy, or Mayor Rawlings' idea of smoothing over a timeline (depending on the details), may both be better ideas for reducing abuse without punishing cities that want to move to more of a PAYGO system or respond to immediate resident needs.

As for the \$1.86 in annual property tax savings I quoted and was asked, "Then why do you care?" That's my question to the committee. If it's such a small amount, are we looking for symbolism or are we trying to solve a problem that doesn't exist? Although an artificial revenue cap of 4% would have had a minor effect on the average property owner in Lewisville this past year, it would have



prevented the City from implementing the Lewisville 2025 vision plan as fully as we did in the 2015-16 fiscal year. We were able to fund items such as land acquisition (funded through the operating budget, not through debt), communications and marketing materials, and additional neighborhood patrols that were all directly related to the Lewisville 2025 plan and the clearly stated desires of our residents. And we did all of this while increasing our contribution to our pay-as-you-go street maintenance program.

For future years, such a cap could affect the City when implementing the \$135 million debt program recently approved by our voters. Although the debt portion of the program is outside of the rollback calculation, the maintenance and operations portion of the tax rate will be impacted through operating costs associated with the new voter-approved facilities. In particular, we are funding a multigenerational recreation and aquatic center that will require additional operating expenditures from the operating budget. Implementing an arbitrary cap and lowering the possible growth-driven tax revenue increase could hinder the ability of local governments to implement programs and funding directly related to programs approved by voters in a timely and expedient manner.

The Texas Miracle works because cities and the state work together to attract businesses and provide services for those businesses and residents that meet their expectations. In Texas, we don't win because we're the cheapest. We win because our cities and towns are the best at providing value for residents and businesses.

Please help Lewisville and other Texas cities continue serving the stated will of local taxpayers. Reject an arbitrary revenue cap that would provide only symbolic tax relief but would negatively impact the quality of life for millions of Texans who live in responsible and responsive cities.

Sincerely,



Councilman TJ Gilmore
City of Lewisville, Texas