

Our state is in the grip of a mental illness akin to anorexia nervosa, the relentless pursuit of thinness. Like an anorexic, who reasons that every calorie is a bad calorie, Texans reason that every tax dollar is a bad tax dollar.

I invoke this metaphor not to belittle anorexia, which killed one of my cousins, but to warn that our relentless pursuit of low taxes is as sick and as dangerous.

The governor has called the legislature into session to address school finance. It is increasingly clear, however, that public schools will get little, if any, additional funds, and all the proposals are about cutting taxes, mostly for the wealthy.

Texans make among the least tax effort in the nation. While most states run primarily on three taxes, income, sales, and property, our state runs primarily on two, sales and property.

We are running out of money because our sales tax is mostly on goods, while increasingly we make our money selling services. Thus, our tax base is shrinking in relation to our economy, and does not produce enough money to meet our needs.

We can't merely raise the sales tax rate to get more money, however, because the tax is so regressive, meaning that it takes a greater percentage of the income of those families making the least.

Texans now pay \$1,275 per resident in sales taxes and other consumption taxes. Texas' state sales tax rate of 6¼% is tied for 7th highest in the country; no state has a rate over 7%. Texas' state and local combined maximum sales tax rate of 8¼% is 15th highest.

Imagine a big family reunion where each individual family pays the same amount for the event, making the total amount available a function of the most that the poorest family can afford.

Our reliance on sales taxes puts our state in the same position. Consequently, Texas ranks 48th in the percentage of total personal income spent on state government.

Because of the legislature's refusal to maintain tax effort (our legislature has not increased major state taxes for over a decade), local governments have been forced to meet our growing needs whether public education, health care, or public safety, which is why our property tax bill is so high. Texans now pay \$950 per resident in property taxes—the 15th highest property tax bill among the states.

Again, however, our overall tax effort remains low. Texas ranks 46th in the percentage of total personal income spent on state and local government.

The legislature, however, is obsessed with increasing sales taxes to reduce property taxes. Because the property tax is less regressive than the sales tax, though, the legislature would actually be *increasing* net taxes for the overwhelming majority of Texans and giving a net tax break primarily to capital-intensive business and families who live in mansions.

Worse, the legislature is considering constitutionally dedicating a third of future state revenue growth desperately needed to run the state to future property tax reductions for the wealthy.

The legislature is even considering restricting the ability of local governments to tax both by limiting appraisal increases and capping available revenue. Local officials are told that there will be no unfunded mandates, but the legislature can't stop birth, or illness, or crime.

Ironically, we were promised “no-job killing taxes,” but the legislature is considering a tax on payroll, one and a quarter percent on the first \$40,000 of wages, reducing both employment and wages. This tax would be primarily used to replace the business franchise tax. Employees take the loss; employers gets the gain.

The legislature should be considering 1) a broad-based, progressive personal income tax like forty-one other states, 2) a true business activity tax like then-Governor Bush proposed, or, 3) at least, a broad expansion of the sales tax base to services. All of these taxes would be fairer to taxpayers and better for our economy, allowing us to invest in public education and vital public services such as health care.

But if we are unwilling to adopt broad-based taxes, we should at least do no harm and live with the taxes we have. For a society without taxes, just like a person without calories, dies.