



Supermajority Requirement to Raise Taxes



The Issue

Since an increase in taxes burdens Texans, the Legislature should not raise taxes unless there is a broad consensus. Whether the state's coffers are flush or tight each session, taxpayers would benefit from a mechanism that appropriately checks the growth of government tax collections.

The challenge for conservatives is to develop a tax system that generates sufficient revenue to pay for essential government services while doing the least economic harm to consumers and employers.

The state's current tax system is expected to collect [\\$93.1 billion](#) in 2016-17, 75% more than the \$53.3 billion it collected in 2004-05. By comparison, the compounded rate of population growth plus inflation over this period is only 51%, indicating that the tax system brings in more revenue than necessary to fund essential services.

The sales tax is expected to represent 64% of total tax collections in 2016-17 and has increased by 89% since 2004-05. As compared with the other major forms of taxation, research finds that the sales tax has been the least intrusive, the easiest to understand and pay, and is generally well-guarded against manipulation. To put it succinctly, a sales tax is the most efficient. For these reasons, the sales tax is by far the most preferable form of taxation to do the least economic harm.

Fortunately, Texas does not have a personal income tax. Research shows that the past 10-year economic performance of the nine states without a personal income tax clearly surpasses the economic performance of the nine states with the highest personal income tax rates and the 50-state average. This includes higher growth rates of gross state product, nonfarm employment, population, and state and local tax revenue.

To adhere to prudent policy that limits a rising tax burden on Texans, legislators should consider passing legislation requiring a two-thirds supermajority of the Legislature to raise taxes instead of the current simple majority requirement. Texas should be leading the way on this issue; instead, it lags behind 17 states that have some form of this requirement, according to the [Washington Policy Center](#).

For the last two sessions, [Senate Joint Resolution 27](#) would have achieved the goal of requiring a supermajority vote "for passage of a bill that imposes a new state tax or increases the rate of an existing state tax above the rate in effect on the date the bill was filed." But it died in committee both times.

Considering that taxes affect us all and with so much at stake—jobs, the economy, and Texans' financial well-being—legislators should conduct prudent public policy by enacting a higher threshold to raise taxes or pass a new tax.

The Facts

- A sales tax is preferable because it is simple, transparent, and levied only on the end-user.
- The 10-year economic performance of the nine states without a personal income tax clearly surpasses the economic performance of the nine states with the highest income tax rates.
- Since an increase in taxes burdens Texans, taxes should be raised with only a broad consensus.

Recommendations

- State and local governments should continue to rely on the sales tax as their main source of revenue.
- Pass legislation to require a supermajority (two-thirds) vote of each chamber to raise taxes or create a new tax.

Resources

[*The Freedom to Own Property: Reforming Texas' Local Property Tax*](#) by Kathleen Hunker, James Quintero, and Vance Ginn, Texas Public Policy Foundation (Oct. 2015).

[*How Big Government Hurts the Economy*](#) by Chuck DeVore, Nicholas C. Drinkwater, Arthur B. Laffer, and Stephen Moore, Texas Public Policy Foundation (Nov. 2013).

[*Testimony Regarding Senate Joint Resolution 27*](#) by Talmadge Heflin, Texas Public Policy Foundation (April 2013).

