



## Center for Public Policy Priorities

July 20, 2005

An Open Letter to the 79<sup>th</sup> Legislature:

Nothing is more important to your district than public education and taxes. HB 2 would profoundly affect both. However, the bill is extremely complex. While colleagues are telling you what they think the bill would do, as President Reagan said: "Trust, but verify." In the time available, you cannot verify what the bill would do or whether any runs you have seen are accurate.

For example, you are being told that HB 2 would reduce the funding gap for operations between property-rich districts and everybody else. I have reviewed the Equity Center's gap calculation and methodology, and agree with the Equity Center that HB 2 actually increases the funding gap for operations to *at least* \$635 per weighted student in average daily attendance, giving a typical elementary school in a property-rich district approximately half a million more a year for education than other elementary schools across the state. The terrible inequities for facilities funding grow worse with the reduction in the Instructional Facilities Allotment in HB 1.

How HB 2 would affect taxpayer equity is equally troubling. Both homeowners and businesses in property-rich districts would get significantly more property tax reduction than taxpayers in other districts. Under HB 2, in essence, the state would pay in full for the optional homestead exemption in the property-rich districts, but not in other districts. In other words, taxpayers across the state would be paying extra to give homeowners in property-rich districts a 20% reduction in their school tax bill, making their effective tax rate 96 cents. On top of that, super-wealthy districts would get their school property taxes lowered to as low as 90 cents. How do you explain that back home?

HB 2 would not end the school finance litigation now before the Supreme Court because if the school property tax is an unconstitutional state property tax at \$1.50, it does not become constitutional merely because it has been compressed to \$1.20. Adding 3% more money to the system *over two years* does not create "meaningful discretion" at the local level. To begin with, it doesn't cover inflation, and in any event, would have to be spent on the new mandates in HB 2. Moreover, because HB 2 does nothing about facilities and increases the funding gap for operations, HB 2 would breathe new life into the equity claims now pending before the Supreme Court.

We urge you to vote "No" on HB 2.

Sincerely yours,

F. Scott McCown  
Executive Director