September 15th, 2026

Chairman Meyer and Members
House Committee on Ways and Means
Texas House of Representatives

RE: Written Testimony on Local Spending Limits

Chairman Meyer and Members of the Committee,

Lasting property tax relief is impossible without meaningful limits on local government spending and borrowing. The State of Texas already recognizes this principle. State government operates under several constitutional and statutory fiscal constraints, including limits on appropriations growth, a balanced-budget requirement, restrictions on welfare spending growth, and structural rules governing the Economic Stabilization Fund.

Local governments operate under no comparable comprehensive spending restraint. Cities, counties, school districts, and special districts can routinely increase spending and debt faster than population and inflation. While the Legislature has enacted important property tax reforms, those reforms primarily constrain revenue growth. They do not impose a binding limitation on how quickly local government expenditures themselves may grow.

That distinction matters. As local budgets expand, governments require additional revenue to sustain them. Property taxes, debt, and fees ultimately finance those expenditures. State-funded property tax relief therefore risks becoming temporary if the spending driving the burden remains largely unconstrained.

The Texas Liberty Compact, Texas Policy Research's agenda for the 90th Legislature, calls for correcting this imbalance by limiting local spending and debt. The Legislature should establish an enforceable population-plus-inflation spending ceiling applicable to local taxing entities, with voter approval required to exceed it. Such a limit should be a ceiling, not a spending target. Local governments would remain free to spend less, find efficiencies, and return savings to taxpayers.

Debt must also be addressed. Certificates of obligation and other borrowing mechanisms can commit taxpayers to repayment obligations lasting decades without meaningful voter participation. Except for narrowly defined emergencies and similarly unavoidable circumstances, taxpayers should have a direct vote before government assumes substantial new debt on their behalf.

The Committee should likewise scrutinize the use of fees as alternative revenue sources. A government charge does not become less burdensome merely because it is called a fee instead of a tax. Fees should reasonably correspond to the cost of the service being provided, not become a mechanism for circumventing tax or spending restraints.
Texas cannot sustainably use state revenue to buy down property taxes while allowing the expenditures driving those taxes to grow unchecked.

If Texas expects fiscal discipline from state government, taxpayers should expect at least equal discipline from the local governments taxing their homes and businesses. Tax relief without spending restraint is temporary. Spending restraint makes tax relief durable.

For Liberty, For Texas!

Jeramy D. Kitchen
President | Texas Policy Research Action (TPRA)