

Star-Telegram

Texas Gov. Rick Perry has a good idea on transportation

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It's nice, if somewhat unusual, to find a tax proposal on which to be in happy agreement with Gov. Rick Perry. This one's for investment in transportation infrastructure, which the state desperately needs.

It's actually a package of proposals launched by the governor in an April 12 speech to the Texas Lyceum Association's Public Conference in Austin.

Perry hasn't suddenly gone tax-crazy. He's still the anti-tax governor.

"This is not a new tax, and it is not a new fee," he carefully pointed out in his speech. And almost as if to reaffirm his tax-averse nature, he came back last week with a proposal to cut franchise taxes on Texas businesses.

Not so happy agreement on that one. But more on that later.

In his Texas Lyceum speech, Perry proposed dedicating future growth in motor vehicle sales taxes to be used on transportation infrastructure, to "dedicate it to a more productive, efficient experience for the people who are buying those cars in the first place."

The 6.25 percent state sales tax collected on motor vehicle sales is similar to the sales tax on other goods, but local jurisdictions do not tack on up to two extra percentage points like they do for other goods.

Motor vehicle sales and rental tax revenues are growing fast for Texas. They're expected to generate \$7.2 billion for the state's current two-year budget and to increase 9.3 percent to \$7.9 billion in the 2014-15 budget, according to the comptroller's Biennial Revenue Estimate delivered to the Legislature in January.

It's that growth that Perry wants to capture and dedicate to transportation infrastructure. Even if that doesn't happen, he said, "The sales tax rates would remain the same, and the money would still be collected, either way."

This and the rest of the package laid out by the governor could deliver more than \$41 billion in transportation projects over the next 20 years, he said. That would take a big slice out of the state's backlog of highway, bridge and other transportation needs.

The package also would use part of the state's \$12 billion rainy-day fund for one-time infrastructure investments. And Perry wants to issue long-term bonds at current low interest rates to set up a revolving transportation infrastructure loan fund.

It's late in the current legislative session -- only five weeks left. But these ideas from the governor are good ones, and lawmakers should consider them.

But his idea about cutting the franchise tax? Not so much.

As he stated it in a Monday news conference, it would provide nearly \$1.6 billion in tax relief for Texas businesses subject to the tax. Perry would cut the franchise tax by 5 percent, provide a \$1 million deduction for businesses with revenue up to \$20 million, lower the rate even more for businesses that use the state's "EZ Form" to file their franchise tax returns and let companies that move to Texas from outside the state deduct moving expenses from their first-year franchise tax payment.

That's the Perry we know well: cut taxes, stimulate business, grow jobs.

The problem is, there's still a need to pay the state's bills, including financing its public schools.

Until Texas knows the outcome of the pending lawsuit over its school funding system, a system an Austin judge has declared unconstitutional, big tax breaks like this aren't a good idea.

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