



TSTA NEWS

TEXAS STATE TEACHERS ASSOCIATION

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TSTA: Phasing out franchise tax could undermine school funding in the future

Texas State Teachers Association President Noel Candelaria released the following statement today on the House plan to debate House Bill 28, which proposes to phase out the franchise tax:

“It is short-sighted for the Texas House to consider House Bill 28, a bill to cut an important source of state revenue for education and many other critical programs, without providing a funding alternative. Only last week, TSTA and other education advocates applauded when the House approved House Bill 21, an important first step toward overhauling an inadequate and outdated school finance system.

“Should the House pass HB28 and approve a business tax cut that soon would be worth billions of dollars a year in lost revenue, it would be very difficult for the state to take the next step toward properly funding our schools and taking the burden off the backs of local property taxpayers. The franchise tax is a major source of state education funding, and this legislation provides no revenue source to make up for the funds this bill would take off the table.

“Unfortunately, the business community’s support for the gradual franchise tax repeal, without an alternative funding source for public education, is a short-sighted approach for businesses whose success depends on a well-educated labor force in the 21st century economy. Perhaps that is why Texas voters, by a 49-39 margin in a recent bipartisan poll commissioned by TSTA, said they oppose reducing and eventually ending the state’s main tax on businesses.”