

## Sharp: IAF stopped the sales tax being increased this year

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AUSTIN - Former Comptroller John Sharp, chairman of the Texas Tax Reform Commission, paid the Industrial Areas Foundation the ultimate tribute at its Legislative Issues Conference in Austin on Saturday.

Sharp said if were not for the dedication and lobbying skills of the non-partisan group, which includes border-based EPiSO and Valley Interfaith, millions of hard working Texas families would have ended up far worse off financially following this year's special session on public school finance.



John Sharp

"There are hundreds of millions of dollars that are going to stay in the pockets of average, low-income Texans who earn no property," Sharp said. "They may never have heard of this (IAF) organization. But that money will stay in their pockets because of what happened in this organization and the work that you do."

Sharp gave the conference a potted history of the work of the Texas Tax Reform Commission, which was set up by Gov. Rick Perry ahead of this year's special session.

Sharp, a Democrat, explained that the 24-member commission was stacked with Republicans. It was also business-heavy, which left many Democrats fearing the group would end up recommending a sales tax increase rather than hitting businesses with a tax hike.

Sharp confirmed that when the commission first met the immediate talk was indeed of a sales tax increase, with the rate going up to 14 or 15 percent and exemptions for food being removed.

He reminded the audience that in two regular and three special legislative sessions all the talk had been of a sales tax increase. There had even been a proposal to tax auto repairs, Sharp recalled, which would have meant "the poorest people, who bought the worst cars, ending up paying most" for property tax cuts for the folks who live in Denton, an affluent Fort Worth suburb.

Sharp said many of the proposals coming from legislative leaders had included a one cent increase in the sale tax, though lawmakers like Sen. Judith Zaffirini, D-Laredo, had persuaded Lt. Gov. David Dewhurst to limit it to a half cent increase.

"Even half a cent is \$500 to \$600 million out of some ordinary Texan's pocket in order to pay for property tax," Sharp said. Nonetheless, he said he and the commission thought at the outset that half a cent increase was "sort of where we ought to be."

Then, he said, the IAF got to work. He joked that IAF leaders were in his office within eight to ten minutes of Perry appointing him commission chair. He said he explained that the Senate was going with

a half cent increase in the sales tax and that his commission would not go above that. Sharp said the IAF response was: "Ain't good enough. We want no sales tax."

He said he understood their reasoning. "Because the poorest people, the people who did not own property, did not own businesses, would be principal payers of property tax reduction," he acknowledged.

Sharp said he had learned over the years never to say no to the IAF. He said the commission would do all it could to work with the group. In return, he said, the IAF promised to back up his commission and attend every hearing.

At the very first hearing the commission held, around 80 percent of those attending were IAF supporters, Sharp recalled. He said it was much the same everywhere the commission went. "In Houston, it was a helluva show," Sharp said. "You have no idea of the impact. I cannot explain the impact you had with those members of the commission."

After the hearings, fellow commissioners would come up to him, Sharp said, and acknowledge that a sales tax increase may not be the way to go. "Out of respect, out of explanation, out of the way you conducted yourself, the way you presented, you changed the hearts and the minds of those members of the commission," Sharp said.

By the end of the hearings just two commissioners backed a sales tax increase, Sharp said. "The only reason it changed was because of this organization," he said, to loud applause.

The legislature accepted the commission's recommendations and did not increase the sales tax. To pay for a reduction in local school property taxes for operations by 17 cents in 2006-07 and by another 33 cents in 2007-08, the legislature used \$1 billion out of the current state surplus. It also raised the tax on a pack of cigarettes by \$1 and revised the state business franchise tax to include most businesses.

"I have never seen an organization do what you did during this process. Not just with the commission but to members of the legislature," Sharp explained.

"Whenever we had somebody messing with the bill, I'd call (the IAF) and say such and such law firm in Houston is messing with this bill. Next day they weren't messing with the bill." The audience laughed.

Sharp said blocking a sales tax increase was testament to the effectiveness of the IAF.

"Whenever you question why you have to get up at 5 o'clock in the morning and drive to Austin for some meeting at the weekend, or question whether or not it's really worth making that extra trip to a Valley Interfaith meeting or going to an organizers meeting or something else, remember what happened in this instance," Sharp said.

He said he suspected it had happened many, many, times before.

"As I leave this meeting today, don't clap your hands for me. Stand up and give yourself a round of applause for saving this state an awful lot of anguish in this process. Nobody did better work than you," he concluded.