

WEST GALVESTON ISLAND PROPERTY OWNER'S ASSOCIATION

MINUTES OF THE BOARD OF DIRECTORS MEETING WITH REP. CRAIG EILAND

October 27, 2006

Meeting: October 27, 2006, 2:30-3:30 PM

State Representative Craig Eiland

Meeting Place: Craig Eiland's Galveston Office

WGIPOA Board of Director Participants: Marie Garrett, Rick Heiberg, Tom Boothe, Sidney McClendon, Jerry Mohn

Purpose: Discuss bills for the upcoming 80th Legislative Session for property appraisal and revenue caps.

The West Galveston Island area has several properties that are weekend homes or second homes and they are experiencing extremely high property tax appraisal valuations, sometimes in excess for 50% increases over the previous year. The WGIPOA Board of Directors wanted to discuss with State Representative Eiland the possibility of introducing or supporting legislation that caps appraisals at 3% or 5% on real property. During the last session, several bills were introduced for caps but none passed.

Craig believes this type of cap is a local issue and not one for the State to consider. The State is responsible for the school tax and will work diligently to establish rates, which the Special Session did this past year from \$1.17 to \$1.00 valuation. Craig is concerned this new rate will not solve all the deficit problems of the State and they may look at increasing the sales tax from 6.25% to 6.75% to make up for the \$.17 gap.

We discussed if gambling and casinos could narrow the gap. Craig sees casinos bringing in \$5 billion maximum and that still is not enough to close future gaps. We will most likely see VLT's (Video Lottery Terminals) at horse and dog tracks come first before casino gambling is approved. The VLT's will generate revenue for selected areas such as Galveston County because of the dog track in LaMarque and other areas of the State without the type of venue for VLT's will be hurt.

The greater Houston and Galveston area is experiencing massive increases property value increases but this is not true for other areas of the State like West or Northwest Texas. They are experiencing increases in Dallas but no one is complaining there.

The main problem is that it is truly a local issue and should be decided by local government through an election process either the City or County. They could bring to the voters these types of caps to consider. The disadvantage in having caps is a reduction in funds collected and the City or County will have to limit services such as police, fire, etc., which is a very serious concern. If the City or County did put through a cap, Craig believes you would see an explosion of MUD'S (Metropolitan Utility Districts) throughout the area.

There will be bills presented again during the 80th legislative session for real property appraisal caps. If Dan Patrick is elected as one of the State Senator's for Harris County, he will definitely push for caps. Craig did caution if the State ever approved property appraisal and revenue caps, they would go after other areas to increase revenue such as the businesses. The State would simply increase the franchise tax fee.

Craig was straight forward about his reasons in not supporting any legislation that will have appraisal and

revenue tax caps. He will support a local option for a city or county to impose their own appraisal or revenue cap system.
