

Where Can We Find Some Money?

Source	Potential Revenue for 2012-13 biennium
Eliminate exemptions, discounts	
Sales tax on business, professional services (legal, architectural, freight, real estate broker, accounting, management consulting, etc) except health care	\$5.6 billion
Eliminate high-cost-natural-gas exemption	\$2.3 billion
Eliminate recognition of optional percentage homestead exemption	\$1.0 billion
Eliminate freeport property tax exemption (constitutional)	\$850 million
Eliminate 10% property tax appraisal cap (constitutional)	\$650 million
Eliminate sales-tax timely filer and prepayment discounts	\$425 million
Eliminate sales tax holiday	\$100 million
Eliminate ineffective tax exemptions	\$100 million
Eliminate gasoline tax collection allowance	\$100 million
Eliminate CAPCO tax credits	\$100 million
Eliminate reimbursement of school taxes to companies with local tax abatements	\$20 million
Raise existing taxes	
Raise sales tax ½% (to 6.75% state/8.75% total with rebate for families in bottom 20% of income) – 8 states would have higher state rates	\$3.0 billion
Increase franchise tax rate from 1% to 1.25% (retail from 0.5% to 0.625%)	\$2.1 billion
Raise gasoline tax (from 20 cents to 25 cents per	\$1.5 billion

What are some possible spending cuts?

gallon) – 23 states now at 25 cents or higher	
Raise cigarette tax (from \$1.41 to \$2.00 per pack) -- 15 states now at \$2.00 or above	\$1.2 billion
Raise motor-vehicle sales tax by 1.2% (from 6.25% to 6.75%)	\$450 million
Raise beer tax (from 11 cents to 17 cents per six-pack) – 15 states would be higher	\$100 million
New taxes	
Quality Assurance Fee (1% on revenues of hospitals and freestanding surgery centers)	\$900 million (\$350 million in revenue (plus federal match of \$550 million)
Soda tax (1% of sales price)	\$115 million
New Revenue	
Allow slot machines at existing gambling sites	\$2 billion
Program Area	Amount of Savings (2 years)
Education	
Reduce grants to help school districts build science labs (program total is \$59.5 million)	\$25 million
Reduce financial aid spending	\$50 million
Discontinue performance award program used for recruiting and retaining high quality teachers	\$280 million

*The cuts presented here include actual cuts proposed by Texas state agencies.

What are some possible spending cuts?

Eliminate dropout prevention for teen parents	\$10 million
Health and Human Services	
1% reduction in Medicaid provider payments	\$64 million
Temporary hiring freeze from HHS agencies	\$8.9 million
Close 50 beds at Terrell state hospital	\$27 million
Eliminate services for 8090 seniors or persons with disability receiving Medicaid LTC services at home (DADS)	\$96.2 million
Reduce comprehensive rehabilitation services by 70% and not provide services to approximately 840 clients (DARS)	\$23.6 million
Reduce prevention and early intervention programs by 84%	\$73.7 million
Reduce state mental health hospital capacity, community mental health services for adults and children and substance abuse intervention services	\$136.7million
Eliminate Medicaid coverage of eyeglasses	\$4.2 million
Eliminate Medicaid coverage of hearing aids	\$1 million
Eliminate Medicaid coverage of mental health services	\$33.6 million
Criminal Justice	
Reduce spending in prisons and parole system, including eliminating the substance abuse treatment program.	\$239 million
A 10 percent reduction in Texas Department of Criminal Justice total budget. Lays off 4,700 TDCJ employees, 3,400 would be prison guards and parole officers	\$564 million

*The cuts presented here include actual cuts proposed by Texas state agencies.

What are some possible spending cuts?

*The cuts presented here include actual cuts proposed by Texas state agencies.