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Many businesses cautiously support new school funding plan; smokers aren't happy

THOMAS DOYLE

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A proposal expected in a few weeks from the Texas Tax Reform Commission drew reserved praise from business operators but negative reviews from smokers on Wednesday.

During a Tuesday interview, commission member Dennis Patillo of Victoria released preliminary details about what the committee formed to change the way Texas funds public schools is expected to propose.

Two key proposals would change the state's business franchise tax so more companies will be subject to it, and increase the taxes on cigarettes by \$1 per pack. The additional revenue would allow the decrease of school property taxes from \$1.50 to \$1 per \$100 of appraised value for the maintenance and operations portion, Patillo said.

Most business operators said they couldn't say how the franchise tax proposal would affect their overall taxes until all the specifics are known.

"Without knowing the details, it's kind of hard to say exactly how it's going to affect me," said Scott Wyatt, owner of Comfort Keepers in Victoria.

But many business operators were supportive of the idea of expanding the number of firms that pay the franchise tax.

"What we need is a system here that most companies cannot dodge," said Elton Calhoun, president of Regional Steel Products. "I would think it would be more fair than what we have right now."

Other business operators expressed similar sentiments.

"There are huge companies that don't pay a penny of Texas franchise tax," said Jeff Williams, owner of the Bible Book Store in Victoria. "I think expanding it to where everybody pays something is definitely a step in the right direction."

The provision that allows a company to deduct either employee costs or the costs of goods sold fairly addresses both service and merchandise based businesses, he said.

Based on the preliminary information released, Calhoun said his overall business tax burden will probably stay about the same.

Many firms won't enjoy any kind of tax break in terms of reduced property taxes, Wyatt said.

"My business doesn't pay any property tax, so if any franchise tax goes up my tax rate goes up for my business," he said. Any business tax increase would ultimately be passed on to the end consumer, Wyatt said.