Executive Summary

Property Tax Relief and Community Capacity

Longview, Gregg County, and the East Texas Trade Area

Texas is entering a new phase of the property tax conversation. What began as a discussion centered primarily on affordability and taxpayer relief is evolving into a broader conversation about economic competitiveness, community capacity, and the long-term fiscal structure of local government.

Current proposals under discussion at the state level could significantly reshape how schools, cities, and counties are funded over time. These discussions include expanded homestead exemptions, appraisal caps, tax compression, spending limitations, and potential reductions in school property taxes.

For East Texas, the issue is no longer whether taxpayers deserve relief. Relief matters. Affordability matters. Predictability matters.

The larger question is whether future reforms can also preserve the infrastructure, workforce systems, educational readiness, public safety capacity, and long-term fiscal flexibility communities need to support generational growth and prosperity.

Why This Matters to Business

Businesses evaluate far more than tax rates alone.

They evaluate:

- Workforce quality and availability
- Infrastructure reliability and capacity
- Transportation systems and mobility
- Public safety and emergency response
- Water and utility readiness
- Educational outcomes and talent pipelines
- Speed of permitting and development readiness
- Long-term regional stability and predictability

Tax competitiveness is not simply about paying less. It is about operating in a community positioned to sustain growth, attract talent, support investment, and remain economically competitive over time.

Key Strategic Tensions

The discussion facing Texas is not simple. Several important tensions are emerging simultaneously:

- Homeowner affordability vs. long-term community capacity
- Tax compression vs. sustainable school finance
- Economic growth vs. infrastructure demands
- Regional growth outside city limits vs. limited municipal revenue tools
- Public demand for relief vs. rising operational and capital costs
- Short-term savings vs. long-term economic competitiveness

Emerging Conditions and Future Considerations

Several trends and structural pressures are already beginning to reshape the operating environment for communities across Texas, including East Texas.

Leaders may need to prepare for:

- Continued taxpayer demand for additional relief and spending limitations
- Greater state responsibility for replacing local education funding
- Increasing pressure on cities and counties to deliver more services with less fiscal flexibility
- Faster regional growth outside city boundaries without proportional revenue growth
- Increased competition for workforce talent, infrastructure investment, and economic development projects
- Rising public expectations for infrastructure, public safety, housing, mobility, and quality-of-life investments
- Increased reliance on sales tax, fees, partnerships, and alternative funding structures to support long-term operations
- Greater separation between communities prepared for growth and those reacting to growth

These are not isolated issues. Together, they represent broader structural changes that could influence how communities compete, grow, and sustain services over the next decade and beyond.

Leadership Questions for East Texas
As business and community leaders, the conversation is no longer simply:
“How do we lower taxes?”
The more important questions may be:

- What assumptions are we making about future growth and economic conditions?
- What assumptions are we making about long-term state replacement funding?
- What infrastructure and workforce demands will East Texas face over the next decade?
- What happens if regional growth continues while local fiscal flexibility narrows?
- What conditions must exist for East Texas to remain economically competitive long term?
- What role should the business community play in helping shape future policy discussions before decisions are made for us?

Bottom Line

Property tax reform is no longer just a tax discussion.
For East Texas, it is increasingly connected to:

- Economic competitiveness
- Workforce readiness
- Educational capacity
- Infrastructure investment
- Public safety
- Regional growth management
- Long-term prosperity and resilience

The challenge ahead is designing policies that provide meaningful taxpayer relief while preserving the community capacity required to support future generations.

The question for East Texas is not simply how to respond to change, but how to help shape a preferred future that protects business competitiveness, strengthens community capacity, and encourages long-term economic growth and prosperity.

Property Tax Relief and Community Capacity
A Reality Brief for East Texas Elected Officials

Longview, Gregg County, and the Longview Trade Area

Executive Context

According to the Texas Comptroller of Public Accounts, property taxes continue to represent the largest locally controlled tax burden for most Texas homeowners, while school district taxes account for more than half of local property tax collections statewide. Texas homeowners continue seeking tax relief, while business owners and institutional investors continue prioritizing predictability, competitiveness, and long-term fiscal stability. Cities, counties, and school districts need enough fiscal capacity to provide the services that keep communities safe, functional, and economically competitive.

The policy question facing Texas is no longer whether relief is needed. The real question is whether the next round of reform can deliver meaningful taxpayer relief while preserving the long-term capacity of local communities.

Governor Greg Abbott's proposed 2027 framework represents a structural shift, not a minor adjustment. According to the Texas Municipal League, proposals under discussion include local spending caps tied to population and inflation, expanded rollback election triggers, lower appraisal caps, extended appraisal cycles, and the possible elimination of school property taxes for homeowners.

These proposals create both opportunity and tradeoffs. On one hand, expanded taxpayer relief may improve affordability, predictability, and public trust. On the other, long-term implementation raises important questions about school finance stability, municipal service capacity, and future state replacement obligations.

For East Texas, that tension deserves closer examination.

School Finance Implications

For most homeowners in the Longview trade area, school district taxes represent the single largest portion of their annual property tax bill.

That makes school finance the most consequential part of any property tax reform discussion in East Texas.

Within the City of Longview, most residential taxpayers fall within one of three primary school districts: Longview Independent School District, Pine Tree Independent School District, or Spring Hill Independent School District.

While these districts serve the same regional economy, their tax structures are not identical.

Based on adopted 2025 tax rates published by Longview Independent School District, Pine Tree Independent School District, and Spring Hill Independent School District, homeowners within the City of Longview may experience materially different school tax obligations depending on district boundaries.

For the 2025 tax year:

District	2025 School Tax Rate	Local Homestead Exemption	Illustrative Taxable Value ($350k Home)*	Estimated School Tax*
Longview Independent School District	$1.1299	State only	$210,000	~$2,373
Pine Tree Independent School District	$1.1052	20%	~$140,000	~$1,547
Spring Hill Independent School District	$1.2547	15%	~$157,500	~$1,976

Illustrative homeowner example. Actual tax obligations may vary based on appraisal values, exemption eligibility, and district tax administration.

Exemption structures also differ.

All qualifying Texas homeowners currently benefit from the state's $140,000 school homestead exemption, which has significantly reduced or, in many cases, eliminated school property tax liability for a growing number of homeowners.

Local districts may also choose to provide additional relief beyond the state minimum. Within the Longview trade area, Pine Tree Independent School District currently provides an additional 20 percent local homestead exemption, while Spring Hill Independent School District provides an additional 15 percent local homestead exemption. Longview Independent School District reports that under the current exemption structure, approximately 78 percent of senior homeowners and 52 percent of all homeowners in the district no longer pay school property taxes.

At the same time, local exemption policy creates additional long-term funding considerations for school districts. During the validation process, Spring Hill Independent School District noted that continuation of local option homestead exemptions may depend on whether the State of Texas fully offsets future revenue impacts associated with those exemptions. This reflects a broader policy tension facing Texas public education: balancing taxpayer relief with long-term financial sustainability and educational capacity.

These local exemption decisions reflect a deliberate commitment to taxpayer relief. They also highlight an important fiscal reality. Even within the same city, school district boundaries alone can create materially different tax obligations for homeowners with similarly valued properties.

According to the Texas Comptroller of Public Accounts, school districts continue to account for more than 55 percent of all local property taxes collected statewide.

That makes school finance the single most consequential part of any property tax reform discussion in Texas.

School property taxes support two distinct financial obligations that extend well beyond day-to-day classroom instruction.

The first is **Maintenance and Operations (M&O)**, which funds teacher compensation, classroom instruction, transportation, utilities, technology, student services, and daily operations.

Texas school finance adds another layer of complexity on the Maintenance and Operations (M&O) side of the tax rate. As local property values rise, districts typically collect more M&O revenue from local taxpayers. Under current state funding formulas, however, the state correspondingly reduces its share of M&O aid. In practical terms, rising appraisals may increase a homeowner's school tax bill without creating a comparable net operating gain for the district.

Local homestead exemptions create an additional policy consideration. Districts such as Pine Tree Independent School District and Spring Hill Independent School District have chosen to provide local homestead exemptions above the state minimum. Under current Texas formulas, those locally adopted exemptions are not recognized when the state allocates M&O funding. As a result, districts may intentionally reduce the local tax burden for homeowners while still being funded by the state as though taxes were collected on the exempted value. This creates a measurable local fiscal tradeoff while reinforcing the district's commitment to taxpayer relief.

The second is **Interest and Sinking (I&S)**, which supports bonded debt for campuses, buses, career and technical education facilities, safety upgrades, technology infrastructure, and other long-term capital investments.
This distinction matters.

Property tax compression or expanded exemptions may improve homeowner affordability in the short term. At the same time, those same policies can alter debt-service collections, future bond capacity, and long-term capital planning.

That is especially relevant in East Texas, where districts face different operational realities. One district may face enrollment growth and classroom expansion needs. Another may be managing aging campuses, transportation fleet replacement, or teacher retention pressure in an increasingly competitive labor market.

According to Texas 2036, local property values and property tax collections continue to play a foundational role in Texas public education finance, with local taxpayers funding approximately 64 percent of public education costs statewide.

That means if the state expands school tax compression or eliminates portions of school property taxes for homeowners, replacement funding cannot depend solely on short-term budget surpluses or unusually strong state revenue cycles.

For districts serving Longview, Pine Tree, and Spring Hill, the long-term policy question is not whether homeowners deserve relief.

The question is whether Texas can provide that relief while protecting classroom quality, workforce competitiveness, facility modernization, and educational readiness over the next decade.

Municipal Finance Implications

From a municipal perspective, the City of Longview's adopted FY 2025–26 budget makes the stakes clear.

According to the City's Budget in Brief:

- General Fund operations total approximately $99.8 million
- Property tax revenue contributes approximately $37.9 million
- Sales tax contributes approximately $31.2 million
- Public safety operations total approximately $63.9 million
- Public Works operations total approximately $7.6 million

These numbers reflect an important reality. Property taxes do not fund abstract government operations. They fund police, fire protection, streets, permitting, infrastructure, and the workforce required to deliver those services every day.

Economic output and local fiscal capacity often move on separate tracks. According to the U.S. Bureau of Economic Analysis, Gregg County generated approximately $10.5 billion in gross domestic product in 2024, up from approximately $10.3 billion in 2023. At the broader regional level, the Longview metropolitan area generated approximately $11–12 billion in economic output, reflecting the continued strength of East Texas manufacturing, energy, logistics, healthcare, and regional trade.

Police recruitment, fire apparatus replacement, road materials, fleet maintenance, utility infrastructure, cybersecurity, technology modernization, and contracted services are driven by labor markets, supply chains, and capital replacement cycles, not GDP growth alone.

In other words, a community may experience economic growth on paper while still facing structural pressure inside its operating budget.

For policymakers, the issue is not whether the local economy is producing value. The question is whether local revenue tools grow at the same pace as service obligations.

Longview's staffing data reinforces that challenge. According to the City's adopted FY 2025–26 budget, Longview supports 941 authorized positions across core public services, including 444 positions in public safety, 217 in public works, 67 in general government, and additional staffing across development, public wellbeing, and community services. In a competitive labor market, recruiting, retaining, and developing this workforce is not optional. When local fiscal flexibility narrows, the operational consequences can be immediate, including delayed hiring, deferred infrastructure maintenance, slower capital replacement, and increased pressure on fees or service levels.

That is the municipal policy challenge facing communities across Texas.

Structural Growth Challenges

A second structural issue is quietly reshaping municipal finance across Texas.

Historically, Extraterritorial Jurisdictions, or ETJs, gave cities a framework to guide future growth, coordinate infrastructure planning, align utilities, protect transportation corridors, and prepare for eventual annexation.

Following annexation reforms adopted by the Texas Legislature beginning with Senate Bill 6 (2017), municipal authority over annexation and long-term ETJ planning materially changed in many Texas communities.

Properties can now leave ETJs, and annexation authority has been significantly narrowed.
The result is a growing fiscal disconnect.

Development increasingly occurs outside city limits while still depending on city-centered infrastructure, workforce systems, transportation corridors, and economic activity.

For communities like Longview, the fiscal consequences can include:

- Increased traffic and road maintenance demand
- Utility extension pressure
- More complex emergency response coordination
- Increased engineering, planning, and permitting workloads
- Additional workforce and housing demand without proportional municipal revenue

Over time, this creates a structural imbalance.
Growth occurs.
Demand increases.

But municipal revenue does not follow.

That leaves taxpayers and businesses inside city limits increasingly supporting systems that function at a regional level.

For fast-growing corridors around Longview, including areas influenced by industrial expansion, logistics growth, and residential development outside city boundaries, this creates increasing pressure on transportation planning, utility coordination, and emergency service readiness.

One policy option for Texas may be modernizing ETJ law to allow infrastructure impact agreements, regional service districts, or revenue-sharing mechanisms that better align growth with long-term public investment.

County Finance Implications

The county perspective reflects many of the same pressures.

According to Gregg County budget records, the county's adopted property tax rate of **$0.304331** exceeds its no-new-revenue rate of **$0.279087**, reflecting continued pressure from infrastructure, public safety, and facility obligations. The FY26 adopted budget projects property tax collections increasing by approximately $3.36 million, representing 8.96 percent growth, driven in part by new construction and expanded property values.

Gregg County's adopted budget explicitly ties transportation, public safety, and capital maintenance to long-term economic competitiveness. At the same time, county responsibilities continue expanding.
Roads. Bridges. Courts. Law enforcement. Capital maintenance. Emergency response.
For counties, property tax is not supplemental revenue. It is foundational revenue.

In Gregg County, this includes maintaining strategic freight corridors such as Interstate 20, regional arterial routes, and infrastructure that supports East Texas manufacturing and distribution.

If future reforms narrow county flexibility while infrastructure, freight movement, and public safety demands continue rising, the effects extend beyond government operations. They directly impact industrial recruitment, logistics competitiveness, site readiness, and the economic position of the region.

That makes county fiscal stability a business issue as much as a government issue.

Business Competitiveness Analysis

In FY 2025–26, sales tax represents approximately **31 percent of Longview's General Fund revenue**, underscoring the role local commerce already plays in supporting municipal operations.

From a business perspective, the conversation must go deeper than simply asking whether lower taxes are good.

Lower school tax bills can improve affordability. Reduced appraisal volatility can improve predictability. Those benefits matter.

But commercial and industrial taxpayers do not always experience those benefits equally.
If appraisal caps expand broadly, some taxpayers gain predictability, but the underlying cost of public services does not disappear. It shifts. It gets deferred. Or it moves elsewhere in the system.

Businesses compare more than tax bills.

They compare infrastructure reliability, public safety response, water capacity, workforce pipelines, permitting speed, school quality, and regional growth readiness.

Tax competitiveness is not simply about paying less. It is about operating in a community that works.

For East Texas, that distinction matters.

Policy Pathways for Texas

At this point, the policy question is no longer whether Texans deserve property tax relief. The question is what form of relief creates long-term stability without weakening the systems that support economic growth.

Current state discussions suggest three emerging approaches to property tax reform. One emphasizes expanded tax compression and homeowner relief, prioritizing immediate affordability and visible taxpayer savings. A second seeks to balance taxpayer relief with preserved local operational flexibility, allowing communities to remain responsive to infrastructure, workforce, and public safety demands. A third explores whether economic growth tools, including sales tax allocation models, could reduce long-term dependence on property taxes while rewarding local economic performance.

Each pathway creates opportunity. Each carries tradeoffs.

The policy challenge is not simply lowering taxes. It is designing tax policy that strengthens local competitiveness while preserving long-term public capacity.

Policy Considerations for State Leaders

Based on current conditions in Longview, Gregg County, local school districts, and statewide finance trends, several policy considerations emerge.

Texas may be best served by continuing targeted homeowner relief through exemptions, compression, and state-funded tax relief before imposing broad structural constraints on local governments.

Any expansion of school property tax relief should be paired with a durable multi-biennium replacement strategy.

Local governments should retain enough flexibility to compete for talent, maintain infrastructure, and respond to workforce demands.

The Legislature may also need to modernize how growth outside city limits is financed as ETJ authority continues to weaken.

Finally, Texas may benefit from exploring whether economically productive communities should receive greater flexibility in how locally generated sales tax revenues support long-term tax relief.

The common principle is straightforward.

Tax relief should not come at the expense of long-term community capacity.

Leadership Questions for East Texas

Before supporting future property tax reform, leaders should ask:

1. Does it provide measurable and equitable homeowner relief?
2. Does it preserve local fiscal capacity to sustain public safety, maintain infrastructure, support quality education, compete for workforce talent, and meet the service demands

created by regional growth?
3. Does it strengthen public education finance across multiple economic cycles?
4. Does it improve long-term business competitiveness through stronger infrastructure, service delivery, and regional readiness?

These questions matter because the issue facing Texas is larger than tax policy alone.
It is ultimately about economic competitiveness, local governance, and the future capacity of communities to grow.

Key Takeaway

Property tax reform is no longer just a tax discussion. For East Texas, it is a question of educational competitiveness, infrastructure readiness, public safety capacity, and long-term economic resilience.

Methodology

This brief draws from publicly available fiscal and policy sources, including the Texas Comptroller of Public Accounts, Texas Municipal League, Texas 2036, the City of Longview FY 2025–26 Budget in Brief, local school district tax records, and Gregg County budget documents. Local examples are intended to illustrate policy implications, not advocate for a specific legislative outcome.

Conclusion

For East Texas, property tax reform should not be framed as a choice between taxpayer relief and community investment.

Both matter.

The challenge before Texas is designing a system that delivers visible relief while preserving the schools, infrastructure, workforce systems, public safety, and local leadership capacity that make long-term economic growth possible.

That is the policy challenge in front of Texas.

For communities like Longview and across East Texas, the question is no longer whether reform is needed. The question is whether Texas can align tax policy with the communities already helping drive the state's next generation of economic growth.