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Business leaders wary of Prop Q passing

City leaders and nonprofits said increasing taxes are needed to maintain quality of life



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Two signs advocating for Austin voters to vote a certain way on Prop Q, which could further increase city property taxes seen.

SEAN HEMMERSMEIER / AUSTIN BUSINESS JOURNAL



By [Sean Hemmersmeier](#) – Staff Writer, Austin Business Journal
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As Austin voters decide whether to back the City Council’s request to raise taxes to maintain city services, business groups are coming out against the proposed tax increase over affordability concerns.

Austinites will vote to raise property taxes by 5 cents per \$100 valuation, which is being called Proposition Q, on the November ballot. The Austin

City Council called for the tax rate election in August to [support a \\$6.3 billion budget](#).

Many businesses and advocacy groups in Austin have signed a letter that opposes Prop Q over concerns that it would help make Austin unaffordable for residents and businesses.

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“Increasing the cost of living in Austin won’t just harm our existing residents and businesses; it will also impact our ability to attract new economic engines,” said the letter. “It is imperative that Austin remains a good place to do business, and an affordable tax structure is crucial to being economically competitive.”

The groups that signed the letter include: the Austin Regional Manufacturers Association, Opportunity Austin, the Austin Chamber of Commerce, Austin Technology Council, Real Estate Council of Austin, Austin Apartment Association, Central Texas Public Safety Commission and Building Owners and Managers Association of Austin.

If property taxes increase, property owners will either eat the increased costs or pass them along to their tenants, likely resulting in higher rents for both residents and businesses. Early voting for Prop Q started on Oct. 20, and election day is Nov. 4.

Opportunity Austin is concerned Prop Q's passing would hurt Austin's competitiveness because talent recruitment and affordability are key factors to landing business expansions or relocations, said Stacy Schmitt, OA's senior vice president of communications and external affairs.

“Every (property tax) increase that's going to (happen), we're going to push those families out of being able to live here,” Schmitt said. “And that's the talent (needed for companies).”

Austin is already seeing the impacts of increasing prices as [population growth in the city has slowed](#) significantly in recent years, while suburbs in Central Texas [have seen explosive growth](#). Austin is in a tough financial situation – earlier in the year, the city faced a [\\$33.4 million deficit](#).

Austin City Council Member Jose “Chito” Vela, who supports Prop Q, agrees that affordability is a key issue for Austin and that it’s gotten harder in recent years for people to manage to stay in the city. But he said another key factor for maintaining a positive business environment in Austin is providing a high quality of life in the city, which he contends Prop Q would help with.

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“Part of what makes Austin so economically vibrant is a quality of life here in Austin that attracts so many people, that attracts so many companies,” Vela said. “We have to invest in that quality of life if we want to continue to attract some of the top tier employers in this country. Facebook and Google and Tesla, they came here for a variety of reasons, but one of the reasons that they came here is because their employees don't mind being relocated to Austin.”

Impacts on residents and commercial taxpayers

The Austin Board of Realtors said there is a ripple effect across housing costs for renters and owners when property taxes increase.

“Homeowners see higher monthly payments, renters often face increased rents as property owners pass on those expenses, and first-time buyers struggle to qualify for mortgages or are priced out entirely,” ABOR said in an emailed statement. “Every added cost has a real impact on where families can afford to live and whether they can continue calling Austin home.”

ABOR said it isn’t advocating for the success or the failure of Prop Q. Instead, it's “encouraging voters to carefully review the details of the (tax rate election) and make the decision that is best for their household.”

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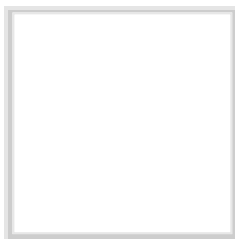
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