

The seal of the Texas Comptroller of Public Accounts is a circular emblem. It features a central five-pointed star surrounded by a wreath of olive and oak branches. The words "THE COMPTROLLER" are inscribed along the top inner edge of the circle, and "TEXAS" is at the bottom. The entire seal is rendered in a light blue color against the dark blue background.

Glenn Hegar

Texas Comptroller of Public Accounts

Texas

Property Tax

Basics

June 2020

Table of Contents

Introduction	1
Property Tax Administration	2
Property Tax Cycle	2
Appraisal	5
Rendering Property	5
Appraisal Methods	6
Limitation on Residence Homestead Value Increases	7
Notice of Appraised Value	8
Exemptions	8
Partial Exemptions	11
Tax Ceiling (Freeze)	12
Agricultural Appraisal	13
Equalization	16
Actions Subject to Protest	18
Hearing Notification	19
Protest Considerations	21
Respect the Process	21
Appealing an ARB Order	23
Assessment	26
Determining the Tax Rate	26
Calculating Tax Rate	26
Election to Approve Tax Rate	27
Tax Bills, Receipts and Other Records	28
Collections	29
Tax Payment Deadlines	29
Payment Options	29
Failure to Pay Taxes	31

Introduction

Texas has no state property tax. Local governments set tax rates and collect property taxes that are used to provide local services including schools, streets, roads, police, fire protection and many other services.

Texas law requires property values used in determining taxes to be equal and uniform and establishes the process to be followed by local officials in determining property values, setting tax rates and collecting taxes. **Exhibit 1** includes some basic property tax rules set out in the Texas Constitution.

EXHIBIT 1

Texas Constitution Basic Property Tax Rules

Taxation must be equal and uniform.

- All property must be taxed equally and uniformly.¹
- No single property or type of property should be taxed more than its fair market value.²

Generally, all property is taxed in proportion to its value.

- Unless constitutionally exempt, property must be taxed in proportion to its value.³
- The Texas Constitution provides certain exceptions to market valuation, such as taxation based on productive capacity for agricultural and timberland.⁴
- All exemptions from taxation must be constitutionally authorized.⁵

Taxpayers must be given notice of an estimate of taxes they owe.

- Notice must be given of the reasonable estimate of the taxes that will be imposed on a taxpayer's property.⁶
- Notice must be given of intent to consider tax increases.⁷

Several types of local governments may tax property. Texas counties and local school districts tax all nonexempt property within their jurisdiction. Cities and special purpose districts such as hospitals, junior colleges or water districts, may also collect certain property taxes.

The Comptroller's office helps ensure that taxpayers have the information needed to preserve their rights and pursue appropriate remedies. In keeping with this commitment, the

Comptroller's Property Tax Assistance Division (PTAD) created the summary of property tax rights in **Exhibit 2**.

EXHIBIT 2

Property Taxpayer Bill of Rights

1. You have the right to equal and uniform taxation.⁸
2. You have the right to ensure that your property is appraised uniformly with similar property in your county.
3. You have the right to have your property appraised according to generally accepted appraisal methods and techniques and other requirements of law.⁹
4. You have the right to receive exemptions or other tax relief for which you qualify and apply timely.¹⁰
5. You have the right to notice of property value increases, exemption changes and estimated tax amounts.¹¹
6. You have the right to inspect non-confidential information used to appraise your property.¹²
7. You have the right to protest your property's value and other appraisal matters to an appraisal review board composed of an impartial group of citizens in your community.¹³
8. You have the right to appeal the appraisal review board's decision to district court in the county where the property is located.¹⁴
9. You have the right to fair treatment by the appraisal district, the appraisal review board and the tax assessor-collector.
10. You have the right to voice your opinions at open public meetings about proposed tax rates and to ask questions of the governing body responsible for setting tax rates.¹⁵
11. You have the right to an election to limit a tax increase in certain circumstances.¹⁶
12. You have the right to receive a free copy of the pamphlet entitled *Property Taxpayer Remedies* published by the Texas Comptroller of Public Accounts prior to your protest before the appraisal review board.¹⁷

¹ Tex. Const. art VIII, §1(a)

² Tex. Const. art VIII, §20

³ Tex. Const. art VIII, §1(b)

⁴ Tex. Const. art VIII, §1-d-1

⁵ Tex. Const. art VIII, §1(b)

⁶ Tex. Const. art VIII, §21(c)

⁷ Tex. Const. art VIII, §21(a)

⁸ Tex. Const. art. VIII, §1(a)

⁹ Tex. Tax Code Chapter 23 and §23.01(b)

¹⁰ Tex. Const. art. VIII, §1(b), (1-b); Tex. Tax Code Chapter 11

¹¹ Tex. Const. art. VIII, §21 and Tex. Tax Code §§11.43, 25.19, 25.192 and 25.193

¹² Tex. Tax Code §25.195

¹³ Tex. Tax Code §41.41(a)

¹⁴ Tex. Tax Code §§42.01 and 42.21(a)

¹⁵ Tex. Edu. Code §44.004, Tex. Gov't Code Chapter 551 and Tex. Tax Code §26.06

¹⁶ Tex. Tax Code §§26.07, 26.075 and 26.08 and Tex. Water Code §49.236

¹⁷ Tex. Tax Code §41.461

Property Tax Administration

Many parties play a role in administering the property tax system, including property owners, appraisal districts, appraisal review boards, local taxing units, tax assessor-collectors and the Comptroller's office.

The **property owner**, whether residential or business, pays taxes and has a reasonable expectation that the taxing process will be fairly administered. The property owner is also referred to as the taxpayer.

The **appraisal district** in each county appraises the value of property each year.¹⁸ The appraisal district is administered by a **chief appraiser** hired by the **appraisal district board of directors**.¹⁹ Local taxing units elect the appraisal district board of directors based on the amount of taxes levied in each taxing unit.²⁰ The appraisal district can answer questions about local appraisal processes, exemption administration, agricultural appraisal and protests.

The **appraisal review board (ARB)** is a board of local citizens that hears disagreements between property owners and the appraisal district about the taxability and value of property.²¹ In counties with a population of 120,000 or more, members of the ARB are appointed by the local administrative district judge in the county in which the appraisal district is located.²² In all other counties, the appraisal district board of directors appoints ARB members.²³ For questions about how an appraisal district operates or who serves on an ARB, contact the appraisal district board of directors.

Local taxing units, including school districts, counties, cities, junior colleges and special purpose districts, decide how much money they will need to be able to pay for providing public services. Property tax rates are set according to taxing unit budgets. Some taxing units have access to other revenue sources, such as a local sales tax. School districts must rely on the local property tax in addition to state and federal funds. Taxing units can answer questions about tax rates and tax bills.

In many counties, taxing units contract with the **county tax assessor-collector** to collect property taxes for other taxing units in that county.²⁴ The assessor-collector then transfers the appropriate amounts of the collected levy to each taxing unit.²⁵ Although some taxing units may contract with an appraisal district to collect their taxes, the appraisal district does not levy a property tax.²⁶

PTAD's role is primarily limited to monitoring services. PTAD conducts a biennial Property Value Study (PVS) for each school district for school funding purposes. The PVS is an independent estimate mandated by the Texas Legislature of property values within a school district.²⁷ The Comptroller's values do not directly affect local values or property taxes, which are determined locally.

PTAD also performs Methods and Assistance Program (MAP) reviews of all appraisal districts every two years. The reviews address four issues: governance, taxpayer assistance, operating standards and appraisal standards, procedures and methodologies.²⁸ PTAD reviews approximately half of all appraisal districts each year. School districts located in counties that do not receive a MAP review in a year will be subject to a PVS in that year.

General information about the Texas property tax system can be found on the Comptroller's website at comptroller.texas.gov/taxes/property-tax/ or by calling PTAD's Information and Customer Service Team at 800-252-9121 (press 2). Legal questions should be directed to an attorney.

Property Tax Cycle

The Texas property tax system has four main phases or sets of functions that occur within certain dates: appraisal, equalization, assessment and collection. **Exhibit 3** indicates the dates and activities that typically occur within each phase.

¹⁸ Tex. Tax Code §6.01(a) and (b)

¹⁹ Tex. Tax Code §6.05(c)

²⁰ Tex. Tax Code §6.03(d)

²¹ Tex. Tax Code §41.01(a)(1)

²² Tex. Tax Code §6.41(d-1)

²³ Tex. Tax Code §6.41(d)

²⁴ Tex. Tax Code §6.23

²⁵ Tex. Tax Code §31.10

²⁶ Tex. Tax Code §6.24(a)

²⁷ Tex. Gov't Code §403.302 and Tex. Tax Code §5.10(a)

²⁸ Tex. Tax Code §5.102(a)

EXHIBIT 3
Tax Calendar Phases

Appraisal Phase (Jan. 1 through May 15)	
Jan. 1 – April 30	Property is appraised and exemption applications are processed ²⁹
April – May 1	Notices of appraised value are sent ³⁰
May 15	Appraisal record prepared and submitted to the ARB ³¹
Equalization Phase (May 15 through July 25)	
May 15 – July 20	Protests and challenges are heard and determined ³²
July 20	Appraisal records are approved ³³
July 25	Appraisal roll is certified ³⁴
Assessment Phase (July 25 through Oct. 1)	
July 25	Appraisal roll received by taxing units ³⁵
July 25 – Sept. 30	Tax rates are adopted and taxes are levied (calculated) ³⁶
Oct. 1	Tax bills begin to be sent to taxpayers ³⁷
Collection Phase (Oct. 1 through Jan. 31)	
Oct. 1 – Jan. 31	Current taxes are collected ³⁸
Feb. 1	Penalties and interest begin to accrue ³⁹
July 1	Additional penalties may be added for legal costs ⁴⁰

The tax calendar is a schedule of property tax activities with either legal deadlines or deadlines based on the occurrence of other events. If the last day for performing an act falls on a Saturday, Sunday or legal holiday, the deadline is the next regular business day.⁴¹ The Comptroller's office publishes a calendar of specific deadlines established by Texas property tax laws on its website at comptroller.texas.gov/taxes/property-tax/calendars/index.php.

During the appraisal phase, property is appraised; determinations are made on exemption applications; appraisal notices are sent to property owners; and the appraisal records are submitted to the ARB. The ARB hears and determines property owner protests and taxing unit challenges and approves the appraisal record during the equalization phase. The assessment phase begins when the appraisal roll is received by the taxing units from the chief appraiser. During the assessment phase, tax rates are adopted, levies are calculated and tax bills are sent. Taxes are collected and penalties and interest are applied on delinquent taxes during the collections phase.

²⁹ Tex. Tax Code §§11.43 and 23.01

³⁰ Tex. Tax Code §25.19

³¹ Tex. Tax Code §25.22

³² Tex. Tax Code §§41.01 and 41.12

³³ Tex. Tax Code §41.12

³⁴ Tex. Tax Code §26.01

³⁵ Tex. Tax Code §26.01

³⁶ Tex. Tax Code §§26.01 and 26.05

³⁷ Tex. Tax Code §31.01(a)

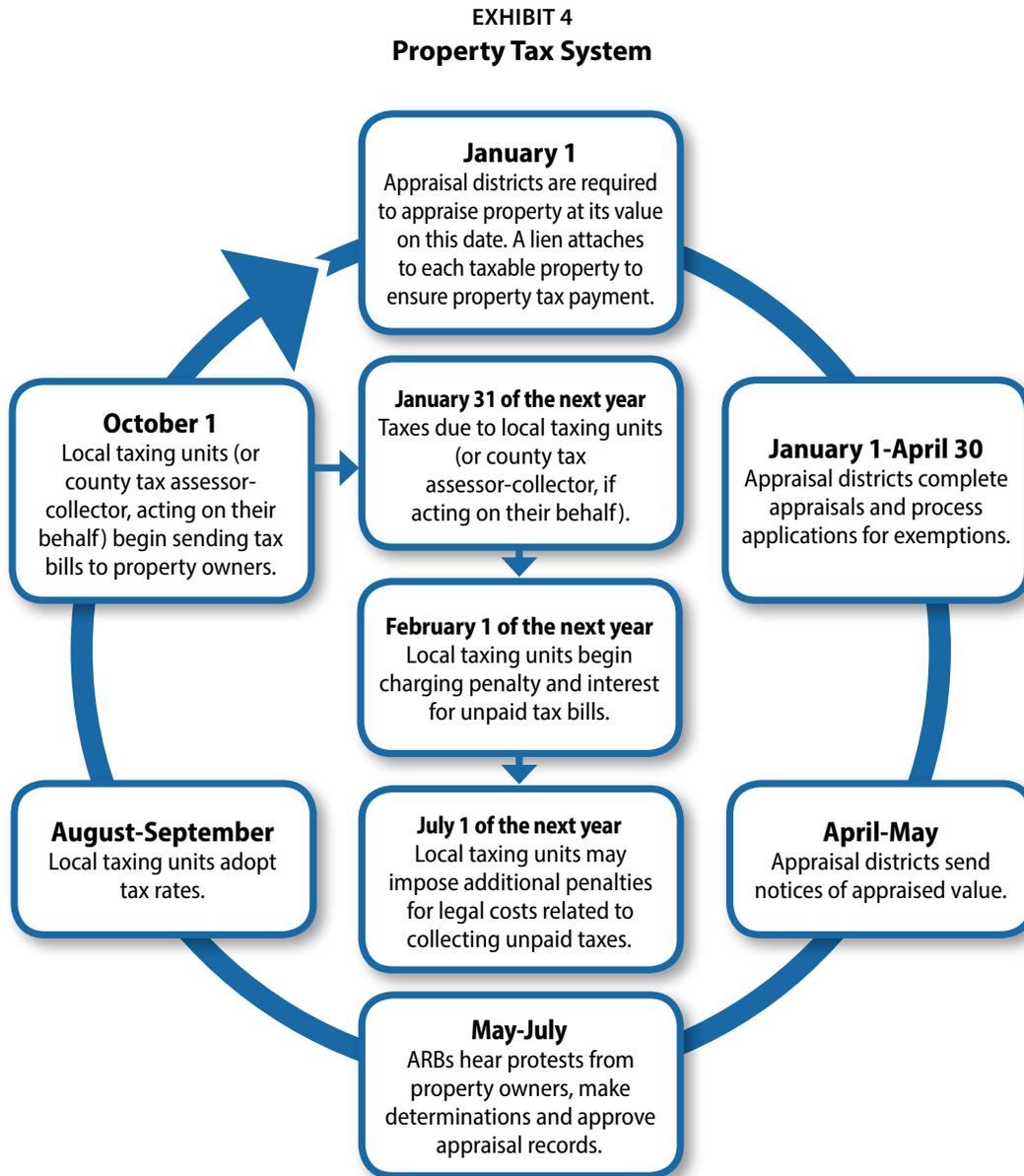
³⁸ Tex. Tax Code §31.01(a)

³⁹ Tex. Tax Code §§31.02 and 33.01

⁴⁰ Tex. Tax Code §33.07

⁴¹ Tex. Tax Code §1.06

Exhibit 4 depicts the general cycle of the property tax system including the overlap from one year to the next, indicating activities performed by appraisal districts, ARBs and tax offices.



Appraisal

Each Texas county is served by an appraisal district that determines the value of all taxable property in the county.⁴² A board of directors appointed by the member taxing units presides over the appraisal district.⁴³ Generally, a taxing unit that imposes property taxes, such as a county, city or school district, is a member of the appraisal district.⁴⁴

The appraisal district is a political subdivision and must follow applicable laws, including the Open Meetings Act and the Public Information Act.⁴⁵ Meetings are generally open to the public and information generated by the appraisal district is, in most cases, also available to the public.⁴⁶

The appraisal district board of directors hires a chief appraiser, approves contracts, sets policy, appoints ARB members in counties with populations of less than 120,000 and confirms members of the agricultural advisory board.⁴⁷ In larger counties, it also names a taxpayer liaison officer who works directly under the board of directors and fields taxpayer questions.⁴⁸

Each year the appraisal district compiles a list of taxable property in the county.⁴⁹ The listing for each property must contain a property description and the owner's name and address.⁵⁰ The appraisal district must repeat its appraisal process for property at least once every three years.⁵¹

Rendering Property

A rendition is a form that property owners may use to report taxable property owned on Jan. 1 to the appraisal district.⁵² Both real and personal property may be rendered. The rendition identifies, describes and gives the location of the taxable property. Business owners must report a rendition of their

personal property.⁵³ Other property owners may choose to submit a rendition.

By rendering property, the property owner ensures the appraisal district has the property owner's correct mailing address for tax bills and places the owner's opinion of the property's value on record with the appraisal district.⁵⁴ The chief appraiser must send a *Notice of Appraised Value* if he or she places a higher value on the property than the value the property owner lists on the rendition form.⁵⁵

Renditions generally must be filed with the appraisal district after Jan. 1 and no later than April 15.⁵⁶ A property owner may apply in writing for a mandatory extension to May 15. The chief appraiser may extend the deadline another 15 days beyond May 15 if the property owner can show good cause for needing an extension.⁵⁷

Other rendition deadlines apply to rendition statements and property reports for property regulated by the Public Utility Commission of Texas, the Railroad Commission of Texas, the federal Surface Transportation Board or the Federal Energy Regulatory Commission.⁵⁸

Significant penalties are imposed for delinquent or fraudulent renditions.⁵⁹ Check with the appraisal district for rendition forms and more information about rendering business personal property.⁶⁰ If the taxable value of business personal property is less than \$500 in any one taxing unit, the property is exempt in that taxing unit.⁶¹ No special application is required to receive the under-\$500 exemption.⁶²

Appraisal district staff may enter and inspect business premises to determine what taxable personal property is owned and

⁴² Tex. Tax Code §§6.01(a) and (b)

⁴³ Tex. Tax Code §6.03(a)

⁴⁴ Tex. Tax Code §6.03(c)

⁴⁵ Tex. Tax Code §6.01(c) and Tex. Gov't Code Chapters 551 and 552

⁴⁶ Tex. Gov't Code Chapters 551 and 552

⁴⁷ Tex. Tax Code §§6.05(c) and (h), 6.11(a), 6.12(a), 6.41(d), 25.01(b) and Tex. Loc. Gov't Code §252.043(f)

⁴⁸ Tex. Tax Code §6.052(a)

⁴⁹ Tex. Tax Code §25.01

⁵⁰ Tex. Tax Code §25.02(a)

⁵¹ Tex. Tax Code §25.18(b)

⁵² Tex. Tax Code §§22.01 and 22.24

⁵³ Tex. Tax Code §22.01(a) and (f)

⁵⁴ Tex. Tax Code §22.01(a)

⁵⁵ Tex. Tax Code §25.19(a)(2)

⁵⁶ Tex. Tax Code §22.23(a)

⁵⁷ Tex. Tax Code §22.23(b)

⁵⁸ Tex. Tax Code §22.23(d)

⁵⁹ Tex. Tax Code §§22.28 and 22.29

⁶⁰ Tex. Tax Code §22.25

⁶¹ Tex. Tax Code §11.145

⁶² Tex. Tax Code §11.43(a)

its value.⁶³ They must make such inspections during normal business hours or at a time agreeable to the business owner.⁶⁴

Except in certain specific circumstances, renditions and income and expense information filed with an appraisal district is confidential.⁶⁵ Confidential information may be disclosed to:

- the person who filed the statement or report and their authorized representative;⁶⁶
- the property owner and their authorized representative;⁶⁷
- the Comptroller's office and authorized Comptroller employees;⁶⁸
- a taxing unit and its legal representative for delinquent tax collection purposes;⁶⁹
- an agent or employee of a taxing unit responsible for auditing, monitoring or reviewing the operations of an appraisal district;⁷⁰
- the employee or agent of a school district involved in preparing a protest of the Comptroller's property value study;⁷¹ and
- other specified persons.

Appraisal Methods

Before appraisals begin, the appraisal district compiles a list of taxable property. The list contains a description and the name and address of the owner for each property. Appraisal districts determine the value of all taxable property within the county boundaries and are required to reappraise all property at least once every three years.⁷²

Most taxable property is to be appraised at market value as of Jan. 1.⁷³ Market value is the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- it is exposed for sale in the open market with a reasonable time for the seller to find a purchaser;

- both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.⁷⁴

Three common approaches that the appraisal district may use in appraising property are the market data (sales) comparison approach, the income approach and the cost approach.⁷⁵

Market Data (Sales) Comparison Approach

The market data comparison approach to value is based on sales prices of similar properties. The appraisal district compares the property being appraised to similar properties that have recently sold and then adjusts the comparable sold properties for the differences between them and the property being appraised.⁷⁶

A sale is not considered comparable unless the sale occurred within 24 months of the appraisal date, unless there are too few comparable sales within that time span to constitute a representative sample.⁷⁷ For residential property in a county with a population of more than 150,000, a sale is not considered to be a comparable sale unless the sale occurred within 36 months of the appraisal date, regardless of the number of comparable sales within that time span.⁷⁸

Comparable sales must be appropriately time-adjusted⁷⁹ and must be similar in factors such as location, lot size, improvements, age, condition, access, amenities, views, income, operating expenses and occupancy.⁸⁰ The existence of easements, deed restrictions or other legal burdens affecting a property's ability to be sold also must be considered.⁸¹

Income Approach

The income approach is based on income and expense data and is used to determine the present worth of future benefits. It seeks to determine what an investor would pay now for a future revenue stream anticipated to be received from the property.

⁶³ Tex. Tax Code §22.07(a)

⁶⁴ Tex. Tax Code §22.07(b)

⁶⁵ Tex. Tax Code §22.27(a)

⁶⁶ Tex. Tax Code §22.27(b)(2)

⁶⁷ Tex. Tax Code §22.27(b)(2)

⁶⁸ Tex. Tax Code §22.27(b)(3)

⁶⁹ Tex. Tax Code §22.27(b)(7)

⁷⁰ Tex. Tax Code §22.27(b)(8)

⁷¹ Tex. Tax Code §22.27(b)(9)

⁷² Tex. Tax Code §§25.01, 25.02 and 25.18(b)

⁷³ Tex. Tax Code §23.01

⁷⁴ Tex. Tax Code §1.04(7)

⁷⁵ Tex. Tax Code §23.0101

⁷⁶ Tex. Tax Code §23.013(a)

⁷⁷ Tex. Tax Code §23.013(b)

⁷⁸ Tex. Tax Code §23.013(b-1)

⁷⁹ Tex. Tax Code §23.013(c)

⁸⁰ Tex. Tax Code §23.013(d)

⁸¹ Tex. Tax Code §23.013(d)

The income approach is most suitable for types of properties frequently purchased and held for the purpose of producing income, such as apartments, retail properties and office buildings.⁸² A chief appraiser must estimate the property's gross income potential and operating expenses; estimate capitalization rates or rates of discount; and base projections of future rent or income potential and expenses on reasonably clear and appropriate evidence.⁸³ In using the income approach, the chief appraiser may not separately appraise or account for personal property that is already included in the appraisal of real property.⁸⁴

Cost Approach

The cost approach is especially useful for appraisal of property types for which sales and income data are scarce, unique properties and new construction.⁸⁵ The cost approach is based on what it would cost to replace the building (improvement) with one of equal utility. A chief appraiser uses cost data obtained from generally accepted sources and makes any appropriate adjustment for physical, functional or economic obsolescence.⁸⁶ Depreciation is applied, and the estimate is added to the land value.

Mass Appraisal

Appraisal districts use a method called mass appraisal to calculate the value of a large number of properties.⁸⁷ Appraisal districts must comply with the Uniform Standards of Professional Appraisal Practice if using mass appraisal and ensure that the same appraisal methods and techniques be used in appraising the same or similar kinds of property.⁸⁸

In a mass appraisal, the appraisal district classifies properties according to a variety of factors, such as size, use and construction type. Using recent property sales, income and expense, cost and depreciation data, appraisal districts determine the value of properties in each class. Appraisal districts consider differences such as age, location and use to appraise

all the properties in each class. Each property is also appraised based on its individual characteristics.⁸⁹

The market value of a residence homestead must be determined solely based on its current use regardless of its highest and best use.⁹⁰ For example, a homestead must be appraised as such, even if it is located where its highest and best use might be as the site for an office building or a parking lot for a mall. In determining the market value of a residence, the chief appraiser must consider the value of other residential property in the neighborhood,⁹¹ even if the other property:

- was sold at a foreclosure sale conducted in any of the three years preceding the tax year in which the residence is being appraised, if it was comparable at the time of sale with other residences in the neighborhood; or
- has a market value that has declined because of a declining economy.

Limitation on Residence Homestead Value Increases

Texas law sets a limit on the amount of annual increase to the appraised value of a residence homestead to not exceed the lesser of:

- the market value of the property; or
- the sum of:
 - 10 percent of the appraised value of the property for last year;
 - the appraised value of the property for last year; and
 - the market value of all new improvements to the property.⁹²

A new improvement is an improvement to a residence homestead made after the most recent appraisal of the property that increases its market value and was not included in the appraised value of the property for the preceding tax year. It does not include repairs to or ordinary maintenance of an existing structure, the grounds or another feature of the property.⁹³ A replacement structure for one that was rendered uninhabitable or unusable by a casualty or by wind or water damage is also not considered a new improvement if certain circumstances are met.⁹⁴

⁸² Robert J. Gloudemans, Richard R. Almy, *Fundamentals of Mass Appraisal*, p. 193 (2011) (IAAO publication); and Joseph K. Eckert, Ph.D., Robert J. Gloudemans, Richard R. Almy, *Property Appraisal and Assessment Administration*, p. 206 (1990) (IAAO publication)

⁸³ Tex. Tax Code §23.012

⁸⁴ Tex. Tax Code §23.24(b)

⁸⁵ Robert J. Gloudemans, Richard R. Almy, *Fundamentals of Mass Appraisal*, p. 193 (2011) (IAAO publication); and Joseph K. Eckert, Ph.D., Robert J. Gloudemans, Richard R. Almy, *Property Appraisal and Assessment Administration*, p. 206 (1990) (IAAO publication)

⁸⁶ Tex. Tax Code §23.011

⁸⁷ Tex. Tax Code §23.01(b)

⁸⁸ Tex. Tax Code §23.01

⁸⁹ Tex. Tax Code §23.01(b)

⁹⁰ Tex. Tax Code §23.01(d)

⁹¹ Tex. Tax Code §23.01(c)

⁹² Tex. Tax Code §23.23(a)

⁹³ Tex. Tax Code §23.23(e)

⁹⁴ Tex. Tax Code §23.23(f) and (g)

The appraisal limitation only applies to a residence homestead.⁹⁵ It takes effect Jan. 1 of the tax year following the year in which the homeowner qualifies for the homestead exemption. It expires on Jan. 1 of the tax year following the year in which the property owners no longer qualify for the residence homestead exemption.⁹⁶

Notice of Appraised Value

Texas law requires that a property owner be given notice of a revaluation of his or her property and a reasonable estimate of the amount of taxes that would be imposed on property if the total amount of property taxes for the subdivision were not increased.⁹⁷ Chief appraisers are required to deliver a clear and understandable written notice to a property owner of the property's appraised value if:

- the property's appraised value is greater than it was in the preceding year;
- the property's appraised value is greater than the value rendered by the property owner;
- the property was not on the appraisal roll in the preceding year; or
- an exemption or partial exemption approved for the property in the preceding tax year was canceled or reduced for the current tax year.⁹⁸

This is done using a form called *Notice of Appraised Value* that must be sent by April 1 or as soon thereafter as practicable for a residence homestead, or by May 1 or as soon thereafter as practicable for any other type property.⁹⁹

The notice must contain the following information:

1. a list of the taxing units in which the property is taxable;
2. the appraised value of the property in the preceding year;
3. the taxable value of the property in the preceding year for each taxing unit that taxes the property;
4. the appraised value of the property for the current year;
5. the kind and amount of each exemption, if any, approved for the prior and current year;

6. the amount of tax that would be imposed on the property on the basis of the tax rate for the preceding year, if the appraised value is greater than in the preceding year;¹⁰⁰ and
7. If an exemption or partial exemption that was approved for the preceding year was canceled or reduced for the current year, the notice must include the amount of the exemption or partial exemption that was canceled or reduced.¹⁰¹

The form is also required to include the following statement in italic typeface:

*The Texas Legislature does not set the amount of your local taxes. Your property tax burden is decided by your locally elected officials, and all inquiries concerning your taxes should be directed to those officials.*¹⁰²

The notice must also provide a detailed explanation of the time and procedure for protesting the value; the date and place the ARB will hear protests; and a brief explanation noting that the governing body of each taxing unit decides whether or not taxes on the property will increase and that the appraisal district determines the value of the property.¹⁰³ The notice must also include certain information based on property type.¹⁰⁴

Appraisal districts are free to develop their own form, but it must include all the information required by the Tax Code.¹⁰⁵ If the appraisal district board of directors approves, the chief appraiser may dispense with the notice if the increase in the appraised value is \$1,000 or less.¹⁰⁶

Exemptions

Texas allows a variety of tax exemptions for property and property owners that qualify for the exemption. An exemption removes part of the property's value from taxation, which lowers the tax bill. For example, if a home is valued at \$150,000 and the property owner qualifies for a \$25,000 exemption, he or she pay taxes on the home as if it were worth \$125,000.

⁹⁵ Tex. Tax Code §23.23(a)

⁹⁶ Tex. Tax Code §23.23(c)

⁹⁷ Tex. Const. art. VIII §21(c)

⁹⁸ Tex. Tax Code §25.19(a)(1)-(4)

⁹⁹ Tex. Tax Code §25.19

¹⁰⁰ Tex. Tax Code §25.19(b)(1)-(5)

¹⁰¹ Tex. Tax Code §25.19(b)(4)

¹⁰² Tex. Tax Code §25.19(b)(6)

¹⁰³ Tex. Tax Code §25.19(b)(7)-(9)

¹⁰⁴ Tex. Tax Code §25.19

¹⁰⁵ Tex. Tax Code §25.19

¹⁰⁶ Tex. Tax Code §25.19(e)

Partial or total (absolute) exemptions remove part of a property's appraised value used to determine local property taxes. A partial exemption removes a percentage or a fixed dollar amount of a property's value from taxation. A total (absolute) exemption excludes the entire property from taxation. The state requires taxing units to offer certain (mandatory) exemptions and have the option to decide locally on whether to offer others. Exemptions discussed in this guide apply to residence homesteads only. Additional exemption information can be found in the Comptroller's publication *Texas Property Tax Exemptions*.

Property owners are required to apply for exemptions in most circumstances.¹⁰⁷ The general deadline for filing an exemption application is before May 1.¹⁰⁸ If a property owner fails to file a required application on time, the property owner usually forfeits the right to the exemption unless other application provisions exist in law.¹⁰⁹ Certain property owners may late-file homestead exemption applications, as indicated below:

- A property owner may file an age 65 or older or disabled exemption application up to one year after the date on which he or she became age 65 or disabled.¹¹⁰
- A property owner may file a donated residence homestead of a partially disabled veteran exemption application for up to one year after he or she qualifies.¹¹¹
- A property owner may file a homestead exemption application up to two years after the date the taxes become delinquent.¹¹²
- A property owner may file a disabled veteran's exemption application up to five years after the date the taxes become delinquent.¹¹³

Heir property is property owned by one or more individuals, where at least one owner claims the property as a residence homestead, and the property was acquired by will, transfer on death deed, or intestacy.¹¹⁴ An heir property owner not specifically identified as the residence homestead owner

may qualify for a residence homestead exemption on the property.¹¹⁵

If a late-filed homestead exemption is granted, the property owner will receive a new tax bill with a lower amount. If the taxes have already paid, the property owner will receive a refund.¹¹⁶

Exhibit 5 shows the steps that can be taken to file an application for a residence homestead exemption.

Once a property owner receives a homestead or disabled veteran's exemption, he or she does not have to apply for it again unless requested by the chief appraiser or unless the property owner's qualifications change:

- If a property owner moves to a new home, he or she must fill out a new application to receive most exemptions and to transfer any tax ceiling.¹¹⁷
- A property owner who becomes disabled may file a new application the year the he or she becomes disabled in order to receive more exemptions.¹¹⁸
- A property owner may file for the 100 percent or totally disabled veteran or the surviving spouse exemption in the middle of year on a new residence homestead for the remaining part of the year.¹¹⁹

A chief appraiser may not require a person allowed a 100 percent or totally disabled veteran exemption under Tax Code Section 11.131 to file a new application to determine the person's current qualification if the person has a permanent total disability as determined by the U.S. Department of Veterans Affairs.¹²⁰

Residence Homestead Exemptions

To qualify for residence homestead exemptions, the property owner generally must own and occupy the home as his or her principal residence on Jan. 1.¹²¹ Typically, the exemption is applicable as of Jan. 1 of the tax year in which it is approved.¹²² The residence itself can be a house, a condominium or a manufactured home, as long as the property owner

¹⁰⁷ Tex. Tax Code §11.43(a)

¹⁰⁸ Tex. Tax Code §11.43(d)

¹⁰⁹ Tex. Tax Code §11.43(d), 11.431, 11.433, 11.434, 11.435, 11.438, 11.439 and 11.4391

¹¹⁰ Tex. Tax Code §11.43(k)

¹¹¹ Tex. Tax Code §11.43(k)

¹¹² Tex. Tax Code §11.431(a)

¹¹³ Tex. Tax Code §11.439(a)

¹¹⁴ Tex. Tax Code §1.04(20) and (21)

¹¹⁵ Tex. Tax Code §11.43(o)

¹¹⁶ Tex. Tax Code §11.431(b)

¹¹⁷ Tex. Tax Code §11.43(a), 11.26 and 11.261

¹¹⁸ Tex. Tax Code §11.42(c) and 11.43(k)

¹¹⁹ Tex. Tax Code §11.42(e)

¹²⁰ Tex. Tax Code §11.43(r)

¹²¹ Tex. Tax Code §§11.13(j)(1) and 11.42

¹²² Tex. Tax Code §11.42(a)

owns the improvement.¹²³ A residence homestead generally includes the land as well, not to exceed 20 acres, so long as the owner of the residence holds an ownership interest in the land upon which it sits.¹²⁴ Generally, a property owner may not receive a residence homestead exemption for more than one property in the same year.¹²⁵

EXHIBIT 5

How to File an Application for Homestead Exemption

1. Obtain application form(s) at the local appraisal district office
2. Return the form(s) to the appraisal district office after Jan. 1 but no later than April 30 and include other information as indicated on the application form.¹²⁶
3. Provide all the information and documentation requested. For example, if a property owner is claiming an age 65 or older or disabled exemption, he or she may need to show proof of age or disability. Remember that making false statements on the exemption application is a criminal offense.¹²⁷
4. If the chief appraiser mails a written request for more information, the property owner has 30 days from the postmark date to reply.¹²⁸
5. The chief appraiser must notify a property owner in writing within five days if he or she denies or modifies an exemption. This notice must explain how the property owner can protest before the ARB. Additional notice requirements exist before a chief appraiser can cancel an exemption for an owner who is age 65 or older.¹²⁹

If a property owner temporarily moves away, he or she can still receive an exemption as long he or she intends to return and does not establish another principal residence.¹³⁰ Temporarily generally means an absence of less than two years.¹³¹ An absence for military service inside or outside the U.S. or a stay in a facility providing services related to health, infirmity or aging may be longer.¹³²

General Residence Homestead

There are no specific qualifications for the general homestead exemption other than that the owner has an ownership interest

in the property and uses the property as his or her principal residence. An applicant is required to state that he or she does not claim an exemption on another residence homestead in or outside of Texas.¹³³

Texas law requires school districts to offer a \$25,000 exemption on residence homesteads.¹³⁴ Any taxing unit, including a city, county, school district or special purpose district, has the option of deciding locally to offer a separate residence homestead exemption of up to 20 percent of a property's appraised value, but not less than \$5,000.¹³⁵ For example, if a residence homestead is valued at \$20,000 and the city offers a 20 percent exemption from city taxes, the exemption amount is \$5,000, the minimum, even though 20 percent of \$20,000 is \$4,000.

Each taxing unit decides before July 1 whether to offer an optional exemption and at what percentage.¹³⁶ This exemption is added to any other homestead exemption for which a homeowner qualifies.¹³⁷ Counties are also required to offer a \$3,000 exemption if the county collects farm-to-market roads or flood control taxes.¹³⁸

Joint, community or successive owners may not each receive the same exemption for the same residence in the same year.¹³⁹

Persons Age 65 or Older or Disabled

School districts are required to give persons age 65 or older or disabled an additional \$10,000 residence homestead exemption.¹⁴⁰ This exemption applies as of Jan. 1 of the year in which the property owner becomes age 65 or disabled.¹⁴¹ If a property owner qualifies for both the \$10,000 exemption for homeowners age 65 or older and the \$10,000 exemption for being a person with disabilities, he or she must choose one or the other and cannot receive both.¹⁴²

Any taxing unit, including a city, county, school district or special purpose district, has the option of deciding locally

¹²³ Tex. Tax Code §§11.13(j)(1) and 11.432

¹²⁴ Tex. Tax Code §§11.13(j)(1), 11.432(b) and (c)

¹²⁵ Tex. Tax Code §11.13(h)

¹²⁶ Tex. Tax Code §11.43(d)

¹²⁷ Tex. Tax Code §11.43(d) and (f)

¹²⁸ Tex. Tax Code §11.45(b)

¹²⁹ Tex. Tax Code §§11.43 and 11.45

¹³⁰ Tex. Tax Code §11.13(l)

¹³¹ Tex. Tax Code §11.13(l)(1)

¹³² Tex. Tax Code §11.13(l)(2)

¹³³ Tex. Tax Code §§11.13(j)(1) and 11.43(j)

¹³⁴ Tex. Tax Code §11.13(b)

¹³⁵ Tex. Tax Code §11.13(n)

¹³⁶ Tex. Tax Code §11.13(n)

¹³⁷ Tex. Tax Code §11.13(n)

¹³⁸ Tex. Const. art. VIII §1-a and Tex. Tax Code §11.13(a)

¹³⁹ Tex. Tax Code §11.13(h)

¹⁴⁰ Tex. Tax Code §11.13(c)

¹⁴¹ Tex. Tax Code §11.42(c)

¹⁴² Tex. Const. art. VIII §1-b(c)

to offer an additional exemption of at least \$3,000 for homeowners age 65 or older or disabled.¹⁴³

If a property owner does not claim another residence in the same year, he or she will receive the age 65 or older or disabled exemption for the full year.¹⁴⁴ If the property owner claims another residence during the same year, he or she will no longer qualify for the exemption on the first home for the remaining portion of that year.¹⁴⁵ Taxing units prorate taxes based on the number of days from when a property owner no longer qualifies for the exemption to the end of the tax year.¹⁴⁶

An eligible disabled person age 65 or older may receive both exemptions in the same year, but not from the same taxing units.¹⁴⁷ Contact the appraisal district for more information.

Disabled Veteran or Survivor

All or part of a disabled veteran's property (including a residence homestead) may be exempt from property taxation. A surviving spouse or surviving child may also qualify for an exemption.¹⁴⁸

Partial Exemptions

Partial Exemptions and Total (Absolute) Exemptions should be subtitles under Disabled Veteran or Survivor. Texas law provides partial exemptions for any property owned by disabled veterans and their surviving spouses and children.¹⁴⁹ The amount of the exemption is determined according to the percentage of service-connected disability as shown in **Exhibit 6**.¹⁵⁰

EXHIBIT 6
Disabled Veteran Partial Exemption

An Exemption of Up to of the Appraised Value:	For a Disability Rating of at Least:	But Less Than:
\$5,000	10%	30%
\$7,500	30%	50%
\$10,000	50%	70%
\$12,000	70% and over	

¹⁴³ Tex. Tax Code §11.13(d)

¹⁴⁴ Tex. Tax Code §11.42(c)

¹⁴⁵ Tex. Tax Code §§11.13(h) and 26.10(b)

¹⁴⁶ Tex. Tax Code §26.10(b)

¹⁴⁷ Tex. Tax Code §11.13(h)

¹⁴⁸ Tex. Tax Code §§11.131, 11.132, 11.133 and 11.22

¹⁴⁹ Tex. Tax Code §11.22

¹⁵⁰ Tex. Tax Code §11.22(a)

A disabled veteran is entitled to a \$12,000 exemption of the value of a designated property if he or she:

- is age 65 years or older and has a disability of at least 10 percent;
- is totally blind in one or both eyes; or
- has lost the use of one or more limbs.¹⁵¹

If a disabled veteran who is entitled to an exemption dies, the surviving spouse is entitled to the same exemption as long as he or she remains unmarried.¹⁵² If the spouse does not survive the veteran, each of the veteran's surviving children younger than 18 years of age and unmarried is entitled to an exemption on property they own.¹⁵³

If a member of the U.S. armed services dies while on active duty:

- any surviving spouse is entitled to an exemption from taxation of \$5,000 of the assessed value of the property the spouse owns and designates;¹⁵⁴ and
- each of the individual's surviving children younger than 18 and unmarried is entitled to an exemption to be computed by dividing \$5,000 by the number of eligible children.¹⁵⁵

A separate partial exemption is also available for residence homesteads donated to disabled veterans by charitable organizations which extends to surviving spouses who have not remarried.¹⁵⁶

The deadline for filing for the partial disabled veteran exemptions is April 30. The residence homestead exemption application includes the donated homes exemption and may be filed up to two years from the delinquency date. The disabled veteran exemption application applies to all property types and may be filed up to five years from the delinquency date.¹⁵⁷

Total (Absolute) Exemptions

Partial Exemptions and Total (Absolute) Exemptions should be subtitles under Disabled Veteran or Survivor. A disabled veteran who receives 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability from the U.S.

¹⁵¹ Tex. Tax Code §11.22(b)

¹⁵² Tex. Tax Code §11.22(c)

¹⁵³ Tex. Tax Code §11.22(c)

¹⁵⁴ Tex. Tax Code §11.22(d)(1)

¹⁵⁵ Tex. Tax Code §11.22(d)(2)

¹⁵⁶ Tex. Tax Code §11.132

¹⁵⁷ Tex. Tax Code §§11.431 and 11.439

Department of Veterans Affairs is entitled to an exemption of the total appraised value of his or her residence homestead.¹⁵⁸ Veterans who qualify for the exemption after Jan. 1 of a tax year receive an exemption for the applicable portion of that year immediately upon qualifying for the exemption. If the property no longer qualifies in a year, the exemption is removed for that portion of the year.¹⁵⁹

The 100 percent disabled veteran exemption extends to a surviving spouse who was married to a disabled veteran who qualified or would have qualified for this exemption if it has been in effect at the time of the veteran's death.¹⁶⁰ To be entitled to this exemption, the surviving spouse must not have remarried; the property was the residence homestead of the surviving spouse when the veteran died; and the property remains the residence homestead of the surviving spouse.¹⁶¹

Surviving Spouses

A surviving spouse of a member of the U.S. armed services killed in action is allowed a total property tax exemption on his or her residence homestead if he or she has not remarried since the death of the armed services member.¹⁶²

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to a total residence homestead exemption if the surviving spouse is an eligible survivor as determined by the Texas Employees Retirement System under Government Code Chapter 615 and has not remarried since the first responder's death.¹⁶³

If a surviving spouse qualifies for one of these exemptions, he or she can take same dollar amount of the tax exemption on the former homestead to a subsequently qualified residence homestead. The chief appraiser of the county in which the former residence was located must provide to the surviving spouse a written certificate so that the amount of the exemption on the subsequent qualified homestead can be determined.¹⁶⁴

Additional exemption information can be found in the Comptroller's publication *Texas Property Tax Exemptions*.

Temporary Exemption Property Damaged by Disaster

Property located in a governor-declared disaster area with at least 15 percent damage is eligible for a temporary exemption from property taxation.¹⁶⁵ If the governor declares the disaster area after the taxing unit has adopted its tax rate, a property owner is not entitled for the temporary exemption unless the taxing unit's governing body adopts it.¹⁶⁶ The exemption amount is based on a damage assessment rating determined by the appraisal district.¹⁶⁷

Tax Ceiling (Freeze)

An age 65 or older or disabled property owner's homestead exemption qualifies him or her for a tax ceiling on the school district taxes; that is, the school district taxes on the property owner's home cannot increase as long as he or she owns and lives in it.¹⁶⁸ The ceiling cannot expire if the home is made uninhabitable.¹⁶⁹ The tax ceiling is set at the amount paid in the year that the property owner qualified for the age 65 or older or disabled exemption.¹⁷⁰ This provision allows for the school district taxes to fall below the ceiling.¹⁷¹

A tax ceiling can be raised if a home is improved unless the improvements are for normal repairs and maintenance or for a home built to replace one made uninhabitable and the replacement structure meets certain criteria.¹⁷² For example, if a property owner adds a garage or a room to the existing home, the tax ceiling may be raised. It may also change if the property owner moves to another home.¹⁷³ A tax ceiling does not expire if the property owner transfers the interest in the home to a trust, but still lives in the home.¹⁷⁴

If a property owner buys another home in Texas, he or she may transfer the percentage of school tax paid based on the former home's school tax ceiling to the new home.¹⁷⁵ For example, if the property owner currently has a tax ceiling of \$100, but would pay \$400 in school district taxes without the tax ceiling, the percentage of tax paid is 25 percent. If the

¹⁵⁸ Tex. Tax Code §11.131(b)

¹⁵⁹ Tex. Tax Code §11.131

¹⁶⁰ Tex. Tax Code §11.131(c)

¹⁶¹ Tex. Tax Code §11.131

¹⁶² Tex. Tax Code §11.133(b)

¹⁶³ Tex. Tax Code §11.134

¹⁶⁴ Tex. Tax Code §§11.133(c) and 11.134(d)

¹⁶⁵ Tex. Tax Code §11.35(b)

¹⁶⁶ Tex. Tax Code §11.35(c)

¹⁶⁷ Tex. Tax Code §11.35(b) and (h)

¹⁶⁸ Tex. Tax Code §11.26(a)

¹⁶⁹ Tex. Tax Code §11.26(n)

¹⁷⁰ Tex. Tax Code §11.26(a)

¹⁷¹ Tex. Tax Code §11.26(a)

¹⁷² Tex. Tax Code §11.26(b) and (o)

¹⁷³ Tex. Tax Code §11.26(g)

¹⁷⁴ Tex. Tax Code §11.26(f)

¹⁷⁵ Tex. Tax Code §11.26(g)

taxes on the new home are \$1,000, the new school tax ceiling would be \$250, or 25 percent of \$1,000.

When a property owner who has been receiving the age 65 or older or disabled homestead exemption and tax ceiling dies, the ceiling transfers to the surviving spouse, as long as he or she is age 55 or older and the residence homestead was his or her homestead on the date of the spouse's death.¹⁷⁶ If the age 65 or older property owner dies in the year of his or her 65th birthday, but had not applied for the age 65 or older exemption, the surviving spouse may qualify for the ceiling.¹⁷⁷ The exemption remains in effect for as long as the survivor owns and lives in the home.¹⁷⁸ If a surviving spouse age 55 or older buys another home, he or she may transfer the percentage of tax paid based on the former home's tax ceiling to the new home.¹⁷⁹

A county, city or junior college district may freeze or limit a property owner's taxes by adopting a tax ceiling.¹⁸⁰ The ceiling goes into effect after the taxing unit adopts the limitation and the property owner qualifies the homestead.¹⁸¹ If a property owner purchases another home in the same county, city or junior college, he or she may transfer the former tax ceiling percentage to the new home.¹⁸² A property owner may request a certificate from the appraisal district for the former home to present to the appraisal district for the new home.¹⁸³

When a homeowner who receives the age 65 or older or disabled homeowner exemption and tax ceiling dies, the tax ceiling offered by a county, city or junior college district transfers to the surviving spouse, if he or she is disabled or age 55 or older at the spouse's death and the residence homestead was the surviving spouse's residence on the date of death and remains his or her homestead.¹⁸⁴

Agricultural Appraisal

If land qualifies for agricultural (ag) appraisal, it typically lowers a property's taxable value. The appraised value of qualified ag land is based on the land's capacity to produce ag products, including timber, rather than its market value,

which often is higher.¹⁸⁵ This appraisal method usually results in a lower property value for the land and a reduced property tax bill.

Two different provisions of the Texas Constitution address qualifications for ag appraisal. Texas Constitution, Article VIII, Section 1-d, defining ag use, requires a property owner to show farming or ranching is his or her primary occupation and source of income. Very few property owners qualify under this provision. Nearly all land receiving ag appraisal falls under Texas Constitution, Article VIII, Section 1-d-1, also known as open-space valuation, as described below.

Property owners are required to apply for special ag appraisal.¹⁸⁶ The deadline for filing an application is before May 1, but the chief appraiser may generally extend the filing deadline for good cause.¹⁸⁷ If a property owner fails to file a required application on time, the land is ineligible for special ag appraisal for that year.¹⁸⁸

Exhibit 7 shows the steps that can be taken to file an application for ag appraisal.

Open-Space Land Appraisal

Typically, to qualify for open-space appraisal, the land must be currently devoted principally to ag use to the degree of intensity generally accepted in the area.¹⁸⁹

Ag use includes, but is not limited to:

- Cultivating the soil, producing crops for human food, animal feed or planting seed or for the production of fibers;
- floriculture (cultivation and management of ornamental and flowering plants), viticulture (cultivation of grapes), and horticulture (cultivation of fruits, vegetables, flowers, herbs or other plants);
- Raising or keeping livestock;
- Raising or keeping exotic animals for the production of tangible products having a commercial value;
- Planting cover crops or leaving land idle for participation in a government program or in conjunction with normal crop or livestock rotation procedure;

¹⁷⁶ Tex. Tax Code §11.26(i)

¹⁷⁷ Tex. Tax Code §11.26(j)

¹⁷⁸ Tex. Tax Code §11.26(i)(2)(B)

¹⁷⁹ Tex. Tax Code §11.26(g)

¹⁸⁰ Tex. Const. art. VIII §1-b(h) and Tex. Tax Code § 11.261(a)

¹⁸¹ Tex. Tax Code §11.261(b)

¹⁸² Tex. Tax Code §11.261(g)

¹⁸³ Tex. Tax Code §11.261(h)

¹⁸⁴ Tex. Tax Code §11.261(i)

¹⁸⁵ Tex. Tax Code §23.52(a)

¹⁸⁶ Tex. Tax Code §23.54(a)

¹⁸⁷ Tex. Tax Code §23.54(d)

¹⁸⁸ Tex. Tax Code §23.54(e)

¹⁸⁹ Tex. Tax Code §23.51(1)

EXHIBIT 7
**How to File an Application for
Agricultural (Ag) Appraisal**

1. Obtain an application form at the local appraisal district office.¹⁹⁰
2. Fill it out completely and return it to the appraisal district office after Jan. 1, but no later than April 30.¹⁹¹ Remember that falsifying statements on the application is a criminal offense.¹⁹²
3. If more time is needed to complete the application form, the property owner may submit a written request to the chief appraiser before the April 30 deadline. The chief appraiser can grant up to 60 extra days if the property owner has a good reason for needing extra time.¹⁹³
4. If a property owner misses the April 30 deadline, he or she may file a late application any time before the ARB approves the appraisal records,¹⁹⁴ usually on or about July 20.¹⁹⁵ A property owner is to be charged a penalty for late filing equal to 10 percent of the tax savings obtained through receiving ag appraisal for the land.¹⁹⁶ After the ARB approves the records, a property owner can no longer apply for ag appraisal for that year.¹⁹⁷
5. If the chief appraiser requests more information, a property owner has 30 days to reply.¹⁹⁸ A property owner may ask for more time not to exceed 15 days but must have a good reason.¹⁹⁹ If a property owner does not reply, the application is denied.²⁰⁰
6. If the chief appraiser denies an application for ag appraisal, he or she must notify the property owner in writing within five days.²⁰¹ This notice must explain how the property owner can protest to the ARB and provide a full explanation of the reasons for the denial.²⁰² This notice must be sent by certified mail.²⁰³
7. Once a property owner receives an ag appraisal, he or she does not have to apply again in succeeding years unless his or her qualifications change or ownership changes.²⁰⁴
8. The chief appraiser may request a new application from time to time, to verify that the property still meets the qualifications for special ag appraisal.²⁰⁵ Failure to respond to the chief appraiser's request may result in a determination that the property is no longer eligible for ag appraisal, and a notice to the owner of this determination. Before a chief appraiser may determine a change of use has occurred for an existing ag appraisal on property owned by someone age 65 years or older, additional written notice procedures must be followed.²⁰⁶

¹⁹⁰ Tex. Tax Code §23.54(b)

¹⁹¹ Tex. Tax Code §23.54(d)

¹⁹² Tex. Penal Code §37.10

¹⁹³ Tex. Tax Code §23.54(d)

¹⁹⁴ Tex. Tax Code §23.541(a)

¹⁹⁵ Tex. Tax Code §41.12(a)

¹⁹⁶ Tex. Tax Code §23.541(b)

¹⁹⁷ Tex. Tax Code §23.541(a)

¹⁹⁸ Tex. Tax Code §23.57(b)

¹⁹⁹ Tex. Tax Code §23.57(b)

²⁰⁰ Tex. Tax Code §23.57(b)

²⁰¹ Tex. Tax Code §23.57(d)

²⁰² Tex. Tax Code §23.57(d)

²⁰³ Tex. Tax Code §1.07(d)

²⁰⁴ Tex. Tax Code §23.54(e)

²⁰⁵ Tex. Tax Code §23.54(e)

²⁰⁶ Tex. Tax Code §23.551

9. If a property owner becomes the owner of land that was qualified for special appraisal by the previous owner, the new owner must apply in his or her own name. Failure to do so may result in the land being deemed ineligible for the ag appraisal. The property owner must notify the appraisal district in writing by April 30 if the land's eligibility changes.²⁰⁷ Failure to do so may result in imposition of a penalty equal to 10 percent of the difference between taxes imposed under special appraisal and the taxes that should have been imposed.²⁰⁸

- Producing or harvesting logs and posts for constructing or repairing fences, pens, barns or other ag improvements on adjacent qualified open-space land devoted to a different ag use;
- Wildlife management; and
- Raising or keeping bees for pollination or for the production of human food or other commercial products.²⁰⁹

For land to qualify for open-space (1-d-1) ag use appraisal, generally it must meet the following eligibility requirements:

1. The property is land which includes all appurtenances (not improvements).²¹⁰
2. The land must be currently devoted principally to ag use or to wildlife management to the degree of intensity generally accepted in the area.²¹¹
3. The land must have been devoted principally to ag use or to production of timber or forest products for five of the preceding seven years.²¹² Land used for wildlife management may qualify if previously designated as open-space or timberland except as provided.²¹³

The property owner must file an application on the proper form with the information necessary for the appraisal district to determine the validity of the claim.²¹⁴

The eligibility of open-space land does not end during temporary cessation of ag use, if certain criteria is met, under the following circumstances.

- A drought declared by the governor creates an ag necessity to extend the normal time the land remains out of ag production.
- The owner is deployed or stationed outside of this state as a member of the U.S. armed services.

²⁰⁷ Tex. Tax Code §23.54(h)

²⁰⁸ Tex. Tax Code §23.54(h)

²⁰⁹ Tex. Tax Code §23.51(2)

²¹⁰ Tex. Tax Code §23.51(1)

²¹¹ Tex. Tax Code §23.51(1)

²¹² Tex. Tax Code §23.51(1)

²¹³ Tex. Tax Code §23.51(1) and (7)

²¹⁴ Tex. Tax Code §23.54(a) and (b)

- The land is appraised primarily based on the production of citrus and is in a pest management zone and under a certain agreement to destroy, remove or treat all the citrus trees on the land that are or could become infested with pests.²¹⁵

The eligibility of open-space land does not end when a lessee begins conducting oil and gas operations if the portion of land on which oil and gas operations are not being conducted otherwise continues to qualify.²¹⁶

Open-Space Land Inside a City or Town

Generally, open-space land inside a city or town may not qualify for ag appraisal.²¹⁷

Land located within an incorporated city or town must meet the criteria applicable to open-space land and one of the following additional criteria.

- The city or town must not provide the land with general services comparable to those provided in other parts of the city or town having similar features and population.
- The land must have been devoted principally to ag use continuously for the preceding five years.
- The land has been devoted principally to ag use or to the production of timber or forest products continuously for the preceding five years and the land is used for wildlife management.²¹⁸

For more information about the special appraisal of ag land, including timberland and land used for wildlife management, please consult the following appraisal manuals published by the Comptroller's office:

- *Manual for the Appraisal of Agricultural Land;*
- *Manual for the Appraisal of Timberland;* and
- *Guidelines for Qualification of Agricultural Land in Wildlife Management Use.*

The Texas Parks and Wildlife Department publishes *Comprehensive Wildlife Management Planning Guidelines* for each ecoregion.

²¹⁵ Tex. Tax Code §§23.522, 23.523 and 23.525

²¹⁶ Tex. Tax Code §23.525

²¹⁷ Tex. Tax Code §23.56

²¹⁸ Tex. Tax Code §23.56(1)

Change of Land Use

If the land has qualified for ag appraisal and the property owner changes the land's use to a non-ag purpose, he or she will owe a rollback tax for each of the previous three years in which the land received the lower appraisal.²¹⁹

The rollback tax is the difference between the taxes paid based on the land's open-space value and the taxes that would have been paid if the land had been taxed based on its market value (which typically is much higher).²²⁰ In addition, the property owner is charged 5 percent interest for each year from the date on which taxes would have been due.²²¹ Exceptions to the rollback tax for change of use may include the following if they meet certain criteria:

- a sale for right-of-way;²²²
- a condemnation;²²³
- land transferred to a state, political subdivision or qualified nonprofit corporation to be used for a public purpose;²²⁴
- land transferred from a state, political subdivision or qualified nonprofit corporation to an individual or entity for purposes of economic development;²²⁵
- timberland;²²⁶
- cemeteries;²²⁷
- religious organizations;²²⁸
- certain charitable organizations;²²⁹ and
- schools.²³⁰

The chief appraiser determines whether change of use has occurred and must send the property owner a notice of the change by certified mail.²³¹ Additional notice requirements exist if the property is owned by someone age 65 years or older.²³²

²¹⁹ Tex. Tax Code §23.55(a)

²²⁰ Tex. Tax Code §23.55(a)

²²¹ Tex. Tax Code §23.55(a)

²²² Tex. Tax Code §23.55(f)

²²³ Tex. Tax Code §23.55(f)

²²⁴ Tex. Tax Code §23.55(f)

²²⁵ Tex. Tax Code §23.55(f)

²²⁶ Tex. Tax Code §23.55(g)

²²⁷ Tex. Tax Code §23.55(j)

²²⁸ Tex. Tax Code §23.55(l)

²²⁹ Tex. Tax Code §23.55(o) and (p)

²³⁰ Tex. Tax Code §23.55(q)

²³¹ Tex. Tax Code §§1.07(d) and 23.55(e)

²³² Tex. Tax Code §23.551

Equalization

The Comptroller's office may not advise a property owner, a property owner's agent or an appraisal district on a matter that the Comptroller's office knows is the subject of a protest to the ARB.²³³

A property owner may present objections about the property's value, exemptions and special appraisal in a hearing to an ARB.²³⁴ The ARB is an impartial panel of fellow citizens authorized to resolve certain disputes between the property owner and the appraisal district.²³⁵ After listening to the property owner and the chief appraiser, the ARB will make a written determination on the issues heard during the hearing.²³⁶

In counties with 120,000 or more population, the local administrative judge appoints the ARB members.²³⁷ Otherwise, the appraisal district's board of directors appoints them.²³⁸ These members must be residents of the appraisal district for at least two years to serve.²³⁹ Current officers and employees of the appraisal district, taxing units and the Comptroller's office may not serve.²⁴⁰ In counties with populations of more than 100,000, former directors, officers and employees of the appraisal district cannot serve on an ARB.²⁴¹ Other specific Tax Code restrictions apply.

ARB members must comply with special state laws on conflict of interest;²⁴² must complete training courses and receive certificates of course completion from the Comptroller's office;²⁴³ and must complete a statement indicating agreement to comply with Tax Code requirements during hearings.²⁴⁴

ARB hearings are open to the public;²⁴⁵ however, a closed hearing is allowed on the joint motion of the property owner and chief appraiser if either intends to disclose proprietary or confidential information at the hearing.²⁴⁶ The ARB must develop hearing procedures and must post these procedures in a prominent place in the room in which hearings are held.²⁴⁷ The chief appraiser must publicize annually the right to and methods for protests before the ARB, in a manner designed to effectively notify all appraisal district residents.²⁴⁸

The usual deadline for filing protests is May 1.²⁴⁹ The filing deadline is postponed until the next business day if the deadline falls on a Saturday, Sunday or legal state or national holiday.²⁵⁰ The usual deadline may be postponed under certain circumstances.²⁵¹ If the appraisal district mails a notice of appraised value, the deadline is 30 days from the delivery date.²⁵² **Exhibit 8** gives the steps for filing a protest.

The ARB generally begins hearing protests from property owners after May 1 and must complete most of the hearings by July 20.²⁵³ This deadline may be extended to a later date in some larger counties.²⁵⁴ When the ARB finishes its work, the appraisal district gives each taxing unit a list of taxable property, called a certified appraisal roll.²⁵⁵

Many appraisal districts will informally meet with the property owner to discuss the protest to try to resolve any concerns. A property owner may wish to contact the appraisal district to see if it offers this service.

²³³ Tex. Tax Code §5.041(f)

²³⁴ Tex. Tax Code §41.41(a)

²³⁵ Tex. Tax Code §41.01(a)

²³⁶ Tex. Tax Code §41.47(a)

²³⁷ Tex. Tax Code §6.41(d-1)

²³⁸ Tex. Tax Code §6.41(d)

²³⁹ Tex. Tax Code §6.41(c)

²⁴⁰ Tex. Tax Code §6.412(c)

²⁴¹ Tex. Tax Code §6.12(d)

²⁴² Tex. Tax Code §§6.412, 6.413 and 41.69

²⁴³ Tex. Tax Code §5.041(b) and (e-2)

²⁴⁴ Tex. Tax Code §5.041(b-1) and (e-2)

²⁴⁵ Tex. Tax Code §41.66(d)

²⁴⁶ Tex. Tax Code §41.66(d-1)

²⁴⁷ Tex. Tax Code §41.66(a)

²⁴⁸ Tex. Tax Code §§41.41(b) and 41.70

²⁴⁹ Tex. Tax Code §41.44(a)(1)

²⁵⁰ Tex. Tax Code §1.06

²⁵¹ Tex. Tax Code §41.44

²⁵² Tex. Tax Code §41.44(a)(1) and (2)

²⁵³ Tex. Tax Code §41.12(a)

²⁵⁴ Tex. Tax Code §41.12(c)

²⁵⁵ Tex. Tax Code §26.01(a)

EXHIBIT 8 How to File a Protest

1. A property owner must file the protest in writing.²⁵⁶ The appraisal district has protest forms available, but a property owner is not required to use one. A notice of protest must identify the owner and the subject property and indicate that the property owner is dissatisfied with a decision made by the appraisal district.²⁵⁷
2. A property owner must file the notice of protest before May 15 or no later than 30 days after the date the appraisal district mailed the notice of appraised value, whichever is later.²⁵⁸ A property owner working offshore on a drilling or production facility or on a boat²⁵⁹ or a property owner on full-time active duty outside the United States²⁶⁰ may be entitled to file a late protest.
3. If the chief appraiser sends a property owner a notice that the land is no longer in ag use, the property owner must file a protest within 30 days of the date the chief appraiser mailed the notice.²⁶¹ The chief appraiser sends this notice by certified mail or by email if requested by the property owner.²⁶²
4. If a property owner files an untimely notice of protest before the ARB approves the appraisal records, he or she is entitled to a hearing only if the board decides that the property owner had good reason for failing to meet the deadline.²⁶³
5. A property owner may file a late protest because the chief appraiser or ARB failed to mail a required notice. A property owner must pay the taxes due on the portion of the property that is not subject to dispute before the delinquency date to be entitled to this type of hearing.²⁶⁴
6. A property owner is entitled to an ARB hearing solely on the issue of whether one or more taxing units delivered a tax bill in a timely manner if the owner files a late protest on or after the taxes become delinquent, but not later than the 125th day after the owner claims to have first received a tax bill from one or more of the taxing units that taxes the property.²⁶⁵
7. In some cases, a property owner may file with the ARB to correct an error even after these deadlines.²⁶⁶

Each appraisal district in a county with a population of 500,000 or more or that maintains a website accessible to the public must implement a system that allows certain residence homestead owners to:

- file a notice of protest electronically with the ARB for a value or unequal appraisal protest;²⁶⁷
- receive and review comparable sales data and other evidence that the chief appraiser intends to use at the protest hearing electronically;²⁶⁸
- receive, as applicable, an electronic settlement offer from the appraisal district to correct the appraisal records by changing the market value and, if applicable, the appraised value of the property, or a notice from the appraisal district that a settlement offer will not be made to the property owner;²⁶⁹ and
- accept or reject a settlement offer electronically.²⁷⁰

This service is not required for properties in areas where the chief appraiser determines that factors affecting market value are unusually complex or to an owner who has designated an agent.²⁷¹

With the *Notice of Appraised Value*, the chief appraiser must include information about the electronic system, including instructions for accessing and using it.²⁷² The notice of protest filed electronically must, at a minimum, include:

- a statement as to whether the protest is brought under Tax Code Sections 41.41(a)(1) or 41.41(a)(2);²⁷³
- a statement of the property owner's good-faith estimate of the value of the property;²⁷⁴ and
- an electronic mail address that the appraisal district may use to communicate electronically with the property owner in connection with the protest.²⁷⁵

If the property owner accepts a settlement offer made by the appraisal district, the chief appraiser must enter the settlement in the appraisal records.²⁷⁶ If the property owner rejects a settlement offer, the ARB is to hear and determine the protest.²⁷⁷

²⁵⁶ Tex. Tax Code §41.44(a)

²⁵⁷ Tex. Tax Code §41.44(d)

²⁵⁸ Tex. Tax Code §§1.07(c) and 41.44(a)

²⁵⁹ Tex. Tax Code §41.44(c-1)

²⁶⁰ Tex. Tax Code §41.44(c-2)

²⁶¹ Tex. Tax Code §§1.07(c) and 41.44(a)(4)

²⁶² Tex. Tax Code §1.07(d) and 11.086

²⁶³ Tex. Tax Code §41.44(b)

²⁶⁴ Tex. Tax Code §§41.411(c) and 41.4115(b)

²⁶⁵ Tex. Tax Code §§41.4115(a) and 41.44(c-3)

²⁶⁶ Tex. Tax Code §25.25

²⁶⁷ Tex. Tax Code §41.415(b)(1)

²⁶⁸ Tex. Tax Code §41.415(b)(2)

²⁶⁹ Tex. Tax Code §41.415(b)(3)

²⁷⁰ Tex. Tax Code §41.415(b)(4)

²⁷¹ Tex. Tax Code §41.415(g)

²⁷² Tex. Tax Code §41.415(c)

²⁷³ Tex. Tax Code §41.415(d)(1)

²⁷⁴ Tex. Tax Code §41.415(d)(2)

²⁷⁵ Tex. Tax Code §41.415(d)(3)

²⁷⁶ Tex. Tax Code §41.415(e)

²⁷⁷ Tex. Tax Code §41.415(f)

The property owner's electronic mail address provided to an appraisal district is confidential and may not be disclosed by the appraisal district.²⁷⁸

Actions Subject to Protest

The ARB can hear protests on any action taken by the appraisal district or chief appraiser that adversely affects a property owner.²⁷⁹ A property owner can protest any of the following:

- the property's value;²⁸⁰
- unequal appraisal;²⁸¹
- denial of exemptions;²⁸²
- denial or modification of a temporary disaster exemption or a damage assessment rating;²⁸³
- denial or change of ag land use;²⁸⁴
- errors in the appraisal record;²⁸⁵
- failure to provide notice;²⁸⁶ or
- any other adverse action of the appraisal district, chief appraiser or ARB.²⁸⁷

Property Value

This protest is typically based on the property owner's opinion that the appraised value of the property is above the market value or excessive. The evidence presented for an over-market valuation protest may be sale prices of comparable properties in the area and other information, such as the condition of the property. For example, if the property is appraised at \$105,000 and the property owner presents evidence indicating that the market value is \$100,000, it is expected that the ARB would lower the appraised value to \$100,000 because the \$105,000 value is above market and excessive.

Unequal Appraisal

An unequal appraisal protest can be broken down into five separate elements or parts. If the evidence shows that the following standard has been met, the protest is determined in favor of the appraisal district.

1. The appraised value of the subject property is **equal to or less than**
2. the median appraised value of
3. a reasonable number of
4. comparable properties that are
5. appropriately adjusted.²⁸⁸

The evidence presented for an unequal appraisal should be based on generally accepted appraisal methods and techniques²⁸⁹ and focus on three key issues:

1. Is the **number** of properties selected for the sample **reasonable**?²⁹⁰
2. Are each of the properties in the sample **comparable** to the subject property?²⁹¹
3. Was the **value** of each comparable property **appropriately adjusted** by reference to the subject property?²⁹²

Denial of Exemptions

If the chief appraiser denied the homestead exemption, the property owner should obtain evidence that he or she owned the home on Jan. 1 and used it as the principal residence on that date.²⁹³ If the chief appraiser denied a homestead exemption for part of the land around the home, the property owner should show how much land is used as a residence.

If the chief appraiser denied an age 65 or older or disabled homestead exemption, disabled veteran's exemption or other exemption, the property owner should read about the qualifications for exemptions and address them specifically in the protest.

Denial or Modification of a Temporary Disaster Exemption or a Damage Assessment Rating

A property owner may protest the modification or denial of an application for a temporary disaster exemption.²⁹⁴ To qualify for a temporary disaster exemption, a property must meet the requirements under Tax Code Section 11.35(a); be in an area that the governor declared to be a disaster area following a disaster; be at least 15 percent damaged by the disaster.²⁹⁵

²⁷⁸ Tex. Tax Code §41.415(h)

²⁷⁹ Tex. Tax Code §41.41(a)

²⁸⁰ Tex. Tax Code §41.41(1)

²⁸¹ Tex. Tax Code §41.41(a)(2)

²⁸² Tex. Tax Code §41.41(a)(4)

²⁸³ Tex. Tax Code §41.41(c)(1) and (2)

²⁸⁴ Tex. Tax Code §41.41(a)(5) and (8)

²⁸⁵ Tex. Tax Code §41.41(a)(3), (6) and (7)

²⁸⁶ Tex. Tax Code §41.41(a)

²⁸⁷ Tex. Tax Code §41.41(a)(9)

²⁸⁸ Tex. Tax Code §41.43(b)(3)

²⁸⁹ Tex. Tax Code §23.01(f)

²⁹⁰ *Sagemont Plaza v. Harris County Appraisal District*, 30 S.W.3d 425, 427 (Tex.App.— Corpus Christi, 2000, pet. denied)

²⁹¹ *Weingarten Realty Investors v. Harris County Appraisal District*, 93 S.W.3d 280 (Tex.App.— Houston [14th Dist.] 2002, no pet.)

²⁹² *Weingarten Realty Investors v. Harris County Appraisal District*, 93 S.W.3d 280 (Tex.App.— Houston [14th Dist.] 2002, no pet.)

²⁹³ Tex. Tax Code §11.13(j)(1)

²⁹⁴ Tex. Tax Code §41.41(c)(1)

²⁹⁵ Tex. Tax Code §11.35(a)

A property owner may also protest the determination of the appropriate damage assessment rating for property qualifying for a temporary disaster exemption.²⁹⁶ The chief appraiser uses resources such as FEMA or the county emergency management authority to determine the percentage of disaster damage and assigns a damage assessment rating of Level I, II, III or IV based on the percentage of damage.²⁹⁷

Denial or Change of Ag Land Use

If the property owner protests the ag value of a farm or ranch, he or she should find out how the appraisal district calculated the property's value and compare the appraisal district's information with that of other experts on agriculture, such as the county ag extension agent, the U.S. Department of Agriculture or other recognized ag sources. The Comptroller's *Manual for the Appraisal of Agricultural Land* may be of help on the general appraisal process.

Find out why the chief appraiser denied the application. Ag appraisal laws have specific requirements for the property to qualify. Provide evidence that the property is eligible for special appraisal based on its principal devotion to ag use, as well as the history and intensity of this use.²⁹⁸

If the property owner has taken only part of the land out of ag use, he or she may need to show which parts still qualify.²⁹⁹ If the land has been let lie fallow, the property owner should show that the time it has been out of ag use is not excessive or is part of a typical crop or livestock rotation process for the county.³⁰⁰

Errors in Appraisal Records

Errors in appraisal records often are simply mistakes. The appraisal district may, for example, have failed to change a property's records, resulting in it showing an incorrect owner. The law recognizes both the old and new owners as having an interest in the property's taxes. If a property owner acquired the property after Jan. 1, he or she may protest its value if the protest is filed before the deadline.³⁰¹

The appraisal records may show the property as located in one school district when it actually is in another. A property

owner can protest the inclusion of property on the appraisal records if it should be taxed at another location in Texas.³⁰²

Failure to Provide Required Notice

A property owner has the right to protest if the chief appraiser or ARB fails to give the property owner any required tax notices.³⁰³

A property owner who believes he or she is not receiving all tax notices in a timely manner should contact the appraisal district to ensure that the appraisal district's records correctly reflect the property owner names for each property and mailing address for all notices.

A property owner cannot protest a failure to give notice if the taxes on the property are delinquent.³⁰⁴ Before the delinquency date, the property owner must pay a partial amount, usually the amount of taxes not in dispute.³⁰⁵ A property owner may ask the ARB to be excused from prepaying taxes; to do so, he or she must file an oath attesting to an inability to pay the taxes in question and argue that prepaying them would restrain his or her right to access to the ARB.³⁰⁶ The ARB will hold a hearing and decide the terms or conditions of payment.³⁰⁷

Any Other Adverse Actions

Property owners have the right to protest any appraisal district action that applies to and adversely affects them.³⁰⁸ For example, the chief appraiser may claim the property was omitted from the appraisal roll and not taxed in a previous year.³⁰⁹ A property owner can protest only those actions that affect the property.³¹⁰

Hearing Notification

The ARB will notify a property owner at least 15 days in advance of the date, time and place of the hearing.³¹¹ The property owner may wish to discuss the protest issue with the appraisal district before the hearing if time permits. The

²⁹⁶ Tex. Tax Code §41.41(c)(2)

²⁹⁷ Tex. Tax Code §11.35(f) and (g)

²⁹⁸ Tex. Tax Code Chapter 23, Subchapters C, D, E or H

²⁹⁹ Tex. Tax Code §23.55(d)

³⁰⁰ Tex. Tax Code §23.51(1) and (2)

³⁰¹ Tex. Tax Code §41.412(a)

³⁰² Tex. Tax Code §41.42

³⁰³ Tex. Tax Code §41.411

³⁰⁴ Tex. Tax Code §41.411(c)

³⁰⁵ Tex. Tax Code §41.4115(b)

³⁰⁶ Tex. Tax Code §41.4115(d)

³⁰⁷ Tex. Tax Code §41.411(d)

³⁰⁸ Tex. Tax Code §41.41(a)(9)

³⁰⁹ Tex. Tax Code §25.21(a)

³¹⁰ Tex. Tax Code §41.41(a)

³¹¹ Tex. Tax Code §41.46(a)

property owner may be able to work out a satisfactory resolution with the appraisal district without appearing before the ARB.

At least 14 days before a protest hearing, the appraisal district will mail the property owner:

- a copy of the Comptroller's *Property Taxpayer Remedies pamphlet*;³¹²
- a copy of the ARB procedures;³¹³ and
- a statement that the property owner is entitled to a copy of the data, schedules, formulas and any other information the chief appraiser will introduce at the hearing.³¹⁴

This material is usually mailed with the notice of hearing.

Agent for Property Tax Matters

A property owner may represent him or herself in any property tax matter, or appoint an agent to handle specific duties.³¹⁵ Except in limited circumstances, to appoint an agent the property owner must provide that person with written authorization to represent him or her.³¹⁶ The property owner must use the *Appointment of Agent for Property Tax Matters* form and a lessee designated by the property owner may use the *Lessee's Designation of Agent for Property Tax Matters* form available from the appraisal district or the Comptroller's website.³¹⁷ The property owner must sign the authorization; the agent may not sign the form appointing him or herself. The form is not binding on the appraisal district until the property owner files it.³¹⁸

The *Appointment of Agent for Property Tax Matters* form asks a property owner to cite a date upon which the authorization for this person will end.³¹⁹ If a property owner does not provide an ending date, the agent will continue to represent the property owner until the property owner or the designated agent files a statement ending the appointment or until the property owner appoints a new agent to act in the same capacity for the same property.³²⁰

If a property owner has not designated an agent to represent him or her before the ARB, the property owner is entitled to one postponement without showing cause.³²¹ The chairman of the ARB may grant additional postponements if the property owner can show good cause.³²² Good cause is defined as a reason that includes an error or mistake that was not intentional or was not the result of conscious indifference and will not cause undue delay or injury to the person authorized to extend the deadline or grant a rescheduling.³²³ The chief appraiser can also agree to a postponement.³²⁴

Correction of Certain Errors Found After the Protest Filing Deadline

In certain situations, the chief appraiser may change the appraisal roll at any time to correct any inaccuracy prescribed by board rule that does not increase the amount of tax liability.³²⁵

On motion of the chief appraiser or property owner, the ARB may make the following corrections to the appraisal roll for the current and previous five tax years:

- a clerical error made in writing, copying, transcribing or entering data;
- multiple appraisals of the same property more than once in the same tax year, sometimes called double taxation;
- inclusion of property that does not exist at the location or in the form described in the appraisal roll; or
- an error in which property is shown as owned by a person who did not own the property on Jan. 1 of that tax year.³²⁶

For the current tax year, the ARB may grant a late hearing to correct certain over-appraisals,³²⁷ to correct values based on a joint motion made by the property owner and the chief appraiser;³²⁸ or to hear the protest if the property owner was not sent a required notice.³²⁹ A written motion requesting a late hearing must be filed before the taxes become delinquent on Feb. 1.³³⁰

³¹² Tex. Tax Code §41.461(a)(1)

³¹³ Tex. Tax Code §41.461(a)(3)

³¹⁴ Tex. Tax Code §41.461(a)(2)

³¹⁵ Tex. Tax Code §1.111(b)

³¹⁶ Tex. Tax Code §1.111(b)

³¹⁷ Tex. Tax Code §1.111(b)

³¹⁸ Tex. Tax Code §1.111(b)

³¹⁹ Tex. Tax Code §1.111(c)

³²⁰ Tex. Tax Code §1.111(c) and (d)

³²¹ Tex. Tax Code §41.45(e)

³²² Tex. Tax Code §41.45(e)

³²³ Tex. Tax Code §41.45(e-2)

³²⁴ Tex. Tax Code §41.45(e)

³²⁵ Tex. Tax Code §25.25(b)

³²⁶ Tex. Tax Code §25.25(c)

³²⁷ Tex. Tax Code §25.25(d)

³²⁸ Tex. Tax Code §25.25(h)

³²⁹ Tex. Tax Code §41.411(c)

³³⁰ Tex. Tax Code §25.25(d) and (h) and §41.411(c)

A property owner may file a motion to correct if he or she can show that the appraised value on the property for the current year exceeds the correct appraised value by more than one-fourth for a residence homestead or by one-third for non-residence homestead property.³³¹ To be eligible for an over-appraisal hearing:

- the property owner must not have had a prior ARB hearing and determination on the dispute; and
- the appraised value of the property must not have been established by agreement between the property owner or his or her agent and the appraisal district.³³²

If a property owner proves that the value is in error by less than one-fourth for a residence homestead or less than one-third for a non-residence homestead property, the ARB may not order a correction.³³³ If the ARB orders a correction of an over-appraisal error, the property owner will pay a 10 percent penalty for the late filing based on the taxes for the correct value.³³⁴ On joint motion of the property owner and chief appraiser, the ARB must correct an error that resulted in an incorrect appraised value for the owner's property.³³⁵

Before an ARB decision on a late hearing can take place, the property owner must pay some amount of current taxes, usually those not in dispute.³³⁶ The property owner may ask the ARB to excuse him or her from prepaying taxes by filing an oath attesting to an inability to pay the taxes in question and the ARB will decide, after a hearing, whether the prepayment would constitute an unreasonable restraint on the right of access to the ARB.³³⁷

If the property owner wins a value reduction in a late ARB hearing, the taxing units will refund the difference between the tax payment and the correct amount of taxes to the property owner who paid the taxes.³³⁸

³³¹ Tex. Tax Code §25.25(d)

³³² Tex. Tax Code §25.25(d-1)

³³³ Tex. Tax Code §25.25(d)

³³⁴ Tex. Tax Code §25.25(d-1)

³³⁵ Tex. Tax Code §25.25(h)

³³⁶ Tex. Tax Code §25.26(b)

³³⁷ Tex. Tax Code §25.26(d)

³³⁸ Tex. Tax Code §26.15(f)

Protest Considerations

In deciding whether to file a protest, a property owner may want to first consider these questions:

1. What reasons do I have to support the protest?
2. What evidence is available to support the protest?
3. Is the amount of any potential tax savings worth the time, effort and expense of protesting?

The following additional protest recourses can be found on the Comptroller's website:

- *How to Present Your Case at an Appraisal Review Board Hearing – A Homeowners Guide*;
- *How to Present Your Case at an Appraisal Review Board Hearing – A Guide for Small Businesses*;
- *Appraisal Review Board Manual*; and
- *Continuing Education Course for Appraisal Review Board Members*.

Respect the Process

Many property owners do not choose to be represented by agents or attorneys in protest hearings. While the law requires the hearings to be as informal as possible,³³⁹ the ARB must follow written procedures.³⁴⁰ Property owners are entitled to expect hearings to be conducted as described in the procedures.³⁴¹

A property owner should decide how to appear at the hearing.

A property owner or property owner's agent may appear at a protest hearing in one of three ways:

1. in person;
2. by affidavit, offering evidence or argument by affidavit without appearing in person; or
3. by telephone conference call with argument and evidence offered by affidavit.

A property owner should not contact ARB members outside the hearing.

ARB members are prohibited from communicating with the property owner or other persons about a property under protest outside of the hearing.³⁴² Each ARB member must

³³⁹ Tex. Tax Code §41.66(b)

³⁴⁰ Tex. Tax Code §41.66(a)

³⁴¹ Tex. Tax Code §41.66(a)

³⁴² Tex. Tax Code §41.66(f)

sign an affidavit stating that he or she has not discussed the case with anyone.³⁴³ An ARB member who discusses a case outside the hearing must remove him or herself from the hearing.³⁴⁴ An ARB member who communicates on specific evidence, argument, facts or the merits of a protest with the chief appraiser, appraisal district staff, or appraisal district board of directors member outside the hearing commits a Class A misdemeanor.³⁴⁵ A property tax consultant or attorney representing a party to the ARB proceeding, chief appraiser, appraisal district staff or a member of the board of directors commits a Class A misdemeanor if they communicate with an ARB member with the intent to influence a decision.³⁴⁶

A property owner should be on time and prepared for the hearing.

Common courtesy dictates that a property owner should be on time for an appointment. ARBs often hear hundreds or thousands of protests. They have to be fair to everyone and strive to provide every protester an appropriate amount of time to make a presentation.³⁴⁷ To hear every protest, the ARB may place a time limit on hearings.³⁴⁸

A property owner should stick to the facts of the presentation.

The ARB has no control over the appraisal district's operations or budget, tax rates, inflation or local politics; addressing these topics in a presentation wastes time and will not help a property owner's case. The property owner should focus on the details of the property appraisal or other protested concern.

A property owner should present a simple and well-organized protest.

A property owner should stress key facts related to the protest, writing them down in logical order and giving copies to each ARB member. A property owner is required to give either a written or electronic copy of his or her evidence to the appraisal district staff at or before the hearing.³⁴⁹

Photographs and other documents are useful evidence. The property owner should practice his or her presentation beforehand to improve the delivery.

³⁴³ Tex. Tax Code §41.66(g)

³⁴⁴ Tex. Tax Code §41.66(g)

³⁴⁵ Tex. Tax Code §6.411(a) and (d)

³⁴⁶ Tex. Tax Code §6.411(b) and (d)

³⁴⁷ Tex. Tax Code §41.66(b)

³⁴⁸ Tex. Tax Code §41.66(a)

³⁴⁹ Tex. Tax Code §41.45(h)

The property owner should recognize that the ARB acts as an independent judge.

The ARB must listen to the property owner and the chief appraiser before making a decision; it is not a case of the property owner against the chief appraiser and the ARB. All testimony at an ARB hearing must be given under oath.³⁵⁰

Evidence

In value and unequal appraisal protests, the chief appraiser has the burden of proving the property's value by a preponderance of the evidence presented at the ARB hearing.³⁵¹ If the chief appraiser fails to meet this burden of proof, the ARB must decide in the property owner's favor.³⁵²

The law provides for a different burden of proof when a property under protest has a market or appraised value of \$1 million or less.³⁵³ If the property owner submits to the appraisal district a properly conducted, recently completed and certified appraisal of property value made by a licensed appraiser at least 14 days before the hearing, the appraisal district has the burden of establishing the value of the property by clear and convincing evidence.³⁵⁴ If the appraisal district fails to do so, the ARB is required to rule in favor of the property owner.³⁵⁵ To be valid, the property owner's appraisal must meet specific statutory requirements.³⁵⁶

The appraisal district also has a burden of establishing the value of property by clear and convincing evidence presented at a hearing concerning value or unequal appraisal³⁵⁷ if:

- the appraised value of the property was lowered in the previous year by the ARB, an arbitrator or a district court;³⁵⁸
- the appraised value of the property in the preceding year was not determined by a written agreement of the parties;³⁵⁹ and
- not later than 14 days before the protest hearing, the property owner files with the ARB and delivers to the chief appraiser (1) information, such as income and expense statements or information regarding comparable sales, which is sufficient to allow for a determination of the appraised

³⁵⁰ Tex. Tax Code §41.67(a)

³⁵¹ Tex. Tax Code §41.43(a)

³⁵² Tex. Tax Code §41.43(a)

³⁵³ Tex. Tax Code §41.43(a-1)

³⁵⁴ Tex. Tax Code §41.43(a-1)

³⁵⁵ Tex. Tax Code §41.43(a-1)

³⁵⁶ Tex. Tax Code §41.43(a-2)

³⁵⁷ Tex. Tax Code §41.43(a-3)

³⁵⁸ Tex. Tax Code §41.43(a-3)(1)

³⁵⁹ Tex. Tax Code §41.43(a-3)(2)

or market value of the property if the protest is authorized under Tax Code Section 41.41(a)(1); or (2) information that is sufficient to allow for a determination of whether the property was appraised unequally if the protest is authorized under Tax Code Section 41.41(a)(2).³⁶⁰

A property owner should make sure that the property's description is correct. Are the measurements for the home or business and lot accurate? The property owner should pull together blueprints, deed records, photographs, a survey or his or her own measurements to contest the appraiser's decision.

Does the appraisal district's survey show all of the home's defects, such as a cracked foundation or inadequate plumbing? The property owner should take photographs, statements from builders or independent appraisals to the hearing.

If a property owner wants to show that a property was not treated equally, he or she should ask the appraisal district for appraisal records on similar properties in the area to try to determine whether there is a significant difference in their values. Once the property owner has the records of similar property values, appropriate adjustments must be made for issues such as size, location and condition.

If a property owner wants to show that a property was appraised excessively, he or she should collect evidence on recent sales of similar properties from neighbors or real estate professionals. A property owner should ask the appraisal district for the sales that it used.

A property owner should consider using an independent appraisal by a real estate appraiser. A property owner's insurance records also may be helpful.

If a property owner decides to use sales information to support a protest, he or she should:

- obtain documents or sworn statements from the person providing the sales information;
- use sales of properties similar in size, age, location and type of construction;
- use recent sales — those occurring as close to Jan. 1 as possible are the best to compare to the property;³⁶¹ and
- provide photographs of the properties that sold.

³⁶⁰ Tex. Tax Code §41.43(a-3)(3)

³⁶¹ Tex. Tax Code §§23.01(a) and 23.013(f)

Appealing an ARB Order

Once the ARB rules on the protest, it will send the property owner a written order and a copy of the Comptroller's ARB survey by certified mail.³⁶² If the property owner is dissatisfied with the ARB's findings, he or she has the right to file an appeal with the district court in the county in which the property is located,³⁶³ or, in certain instances, request binding arbitration³⁶⁴ or appeal to the State Office of Administrative Hearings (SOAH).³⁶⁵

District Court

A property owner is entitled to appeal an order of the ARB to district court.³⁶⁶ To exercise this right, the property owner must file a petition for review with the district court within 60 days after receiving notice that a final order has been entered, or at any time after the hearing but before the 60-day deadline.³⁶⁷ If the property owner is appealing the ARB's determination of a motion to correct the appraisal roll, he or she must file suit to compel the appraisal renewal board to order a change in the appraisal roll within 60 days after receiving notice of the ARB's determination.³⁶⁸ Failure to file a petition within this period bars any appeal to district court.³⁶⁹

The property owner is required to make a partial payment of taxes, usually the amount of taxes not in dispute, before the delinquency date.³⁷⁰ The property owner may ask the district court to be excused from prepaying taxes; to do so, he or she must file an oath attesting to an inability to pay the taxes in question and argue that prepaying them would restrain the property owner's right to go to court on the protest.³⁷¹ The district court will hold a hearing and decide the terms or conditions of payment.³⁷²

An appeal to district court means the property owner is entitled to trial by jury, but the property owner may request a bench trial. At a bench trial, the trial judge hears and decides all fact and legal issues in the case without a jury.³⁷³

³⁶² Tex. Tax Code §41.47(d)

³⁶³ Tex. Tax Code §§42.01(a) and 42.21

³⁶⁴ Tex. Tax Code §41A.01

³⁶⁵ Tex. Gov't Code §2003.901

³⁶⁶ Tex. Tax Code §§42.01(a) and 42.21

³⁶⁷ Tex. Tax Code §42.21(a)

³⁶⁸ Tex. Tax Code §42.21(a)

³⁶⁹ Tex. Tax Code §42.21(a)

³⁷⁰ Tex. Tax Code §42.08(b)

³⁷¹ Tex. Tax Code §42.08(d)

³⁷² Tex. Tax Code §42.08(d)

³⁷³ Tex. Tax Code §42.23(c)

Binding Arbitration

As an alternative to appealing an ARB determination to district court, the property owner may appeal through binding arbitration.³⁷⁴ Binding arbitration is available for market or appraised value determinations by ARBs.³⁷⁵ Unequal appraisal determinations also may be the subject of a request for binding arbitration.³⁷⁶ Binding arbitration is available only if the property is:

- a residence homestead, regardless of value;³⁷⁷ or
- a property with an appraised value of \$5 million or less.³⁷⁸

As with filing a suit in district court, if the property owner requests binding arbitration he or she must pay taxes that are not in dispute before the delinquency date.³⁷⁹ To appeal an ARB order to binding arbitration, the property owner must file with the appraisal district not later than the 60th day after receiving notice of the order.³⁸⁰

To apply for binding arbitration, the property owner must complete the request form prepared by the Comptroller's office, attach a copy of the ARB order determining protest and submit a required deposit ranging from \$450 to \$1,550 based on the property type and value.³⁸¹

The property owner must make the deposit in the form of a money order or cashier's check, payable to the Texas Comptroller of Public Accounts.³⁸² Although the deposit is made payable to the Comptroller's office, the property owner must file it, along with the application and copy of the ARB order, in the appraisal district in which the ARB order was issued.³⁸³ The appraisal district will complete the application and forward the request and deposit to the Comptroller's office.³⁸⁴

After the Comptroller's office receives the property owner's request, the property owner and the appraisal district enter into a 45-day settlement period.³⁸⁵ If the parties do not reach a settlement by the end of the 45-day period, the Comptroller's

office will appoint an eligible arbitrator from the Comptroller's registry.³⁸⁶

The appointed arbitrator will arrange for an arbitration hearing.³⁸⁷ Not later than 20 days after the hearing, the arbitrator will issue an award that includes a determination of the property's appraised or market value, as appropriate.³⁸⁸ The arbitrator's award is final and may not be appealed except in certain instances.³⁸⁹

If the arbitrator's decision is closer to the property owner's opinion of value stated in the request for arbitration, the appraisal district will pay the arbitrator's fee and the Comptroller's office will refund the property owner's deposit, less \$50 that the law provides that the Comptroller's office retain.³⁹⁰ If the arbitrator's decision is closer to the value determined by the ARB, or equal to half of the difference between the property owner's value and the ARB's value, the arbitrator's fee will be paid from the property owner's deposit.³⁹¹ Any deposited amount remaining after the arbitrator's fee and the Comptroller's \$50 has been paid, will be refunded to the property owner.³⁹²

State Office of Administrative Hearings (SOAH)

Property owners also may appeal ARB determinations of property with value that exceeds \$1 million to SOAH.³⁹³ The decisions of SOAH administrative law judges are final and may not be appealed.³⁹⁴ Certain properties are not subject to SOAH review (i.e., industrial property).³⁹⁵

To appeal an ARB order to SOAH, the property owner must file with the chief appraiser of the appraisal district, not later than the 30th day after the date the property owner receives notice of the order, a completed notice of appeal to SOAH in the form prescribed.³⁹⁶ The property owner must file a \$1,500 deposit not later than the 90th day after the date the he or she receives notice of the order.³⁹⁷ The chief administrative law

³⁷⁴ Tex. Tax Code §41A.01

³⁷⁵ Tex. Tax Code §41A.01

³⁷⁶ Tex. Tax Code §41A.01

³⁷⁷ Tex. Tax Code §41A.01

³⁷⁸ Tex. Tax Code §41A.01

³⁷⁹ Tex. Tax Code §41A.10(a)

³⁸⁰ Tex. Tax Code §41A.03(a)

³⁸¹ Tex. Tax Code §41A.03(a)(1) and (2)

³⁸² Tex. Tax Code §41A.03(a)(2) and Tex. Admin. Code §9.4252(b)

³⁸³ Tex. Tax Code §41A.03

³⁸⁴ Tex. Tax Code §41A.05(a)

³⁸⁵ Tex. Admin. Code §9.4255(c)

³⁸⁶ Tex. Admin. Code §9.4255(c)

³⁸⁷ Tex. Tax Code § 41A.08(a)

³⁸⁸ Tex. Tax Code § 41A.09(a)

³⁸⁹ Tex. Civ. Prac. & Rem. Code §171.088 and Tex. Tax Code §§41A.09(b)(1) and (4) and 41A.11

³⁹⁰ Tex. Tax Code §41A.09(c)

³⁹¹ Tex. Tax Code §41A.09(d)(1)(A)

³⁹² Tex. Tax Code §41A.09(d)(1)(B)

³⁹³ Tex. Gov't Code §2003.901

³⁹⁴ Tex. Gov't Code §2003.914

³⁹⁵ Tex. Gov't Code §2003.904

³⁹⁶ Tex. Gov't Code §2003.906(a)(1) and (a-1)

³⁹⁷ Tex. Gov't Code §2003.906(a)(2) and (a-2)

judge prescribes the form of notice of appeal.³⁹⁸ The form must require that the property owner provide a copy of the ARB's order; a brief statement explaining the basis for the appeal; and a statement of his or her opinion of the appraised or market value, as applicable, of the property.³⁹⁹

As soon as practicable after receiving of a notice of appeal, a chief appraiser must indicate, where appropriate, those entries in the records that are subject to the appeal; submit the notice of appeal and filing fee to SOAH; and request the appointment of a qualified administrative law judge to hear the appeal.⁴⁰⁰

³⁹⁸ Tex. Gov't Code §2003.907

³⁹⁹ Tex. Gov't Code §2003.907

⁴⁰⁰ Tex. Gov't Code §2003.906(b)

Assessment

Once the ARB approves the appraisal records, the chief appraiser prepares and certifies an appraisal roll for each taxing unit.⁴⁰¹ If the ARB has not approved the appraisal records by July 20, the chief appraiser certifies an estimate of taxable values by July 25 to assessor for each taxing unit.⁴⁰² An appraisal roll lists all the taxable property within the taxing unit's boundaries.⁴⁰³ Once the appraisal roll is certified, the appraisal district's job is finished. It has, at least in theory, provided a set of equal and uniform property values for the use of all local taxing units.⁴⁰⁴

The governing body of each taxing unit adopts tax rates annually, generally before Sept. 30.⁴⁰⁵ Taxing units for a taxable property always include a county and school district, but a property owner also may pay taxes to a city or to special purpose districts such as hospital, junior college or water districts. The tax roll is created when tax rates are applied to taxable values.⁴⁰⁶

Generally, after receiving the appraisal roll, each governing body must decide what services the taxing unit will provide in the coming year and determine how much money it will need to do so.

Determining the Tax Rate

As a taxpayer, it is important for a property owner to understand how government spending affects the size of a tax bill. Changes in property values may affect a tax bill, but do not necessarily increase or decrease the total amount of taxes paid to a taxing unit; that is determined by the taxing unit's budget.

Total taxes collected increase only when government spending increases, but Texas law gives taxpayers a voice in decisions affecting property tax rates.

A taxing unit must identify its needs and prepare a budget to meet them. To assist counties, cities and school districts in this process, the chief appraiser prepares and certifies an

estimate of the taxable value of property within that taxing unit to the tax assessor by April 30.⁴⁰⁷ Based on current year's values, a taxing unit then must decide how much property tax revenue is necessary to fund that budget and what tax rate is needed to produce that amount. It also must determine the tax revenue it will need to pay its long-term debt.

Cities, counties and school districts must hold a public hearing on the proposed budget and publicize the date, time and location.⁴⁰⁸ The proposed budget must be made available for inspection and posted on the city, county or school district website.⁴⁰⁹

Adoption of a county budget, in most cases, and a city budget that will require raising more revenue from property taxes than in the previous year, requires a separate vote to ratify the property tax increase reflected in the budget.⁴¹⁰

The vote to adopt a county or city budget must be a record vote and the adopted budget must be posted on the city or county website.⁴¹¹

Calculating Tax Rate

Beginning in early August, most taxing units take the first step toward adopting a tax rate by calculating and publishing the no-new-revenue (NNR) tax rate and voter-approval tax rate.⁴¹² In certain cases, school districts may choose to adopt a tax rate before the adoption of a budget.⁴¹³ The chief appraiser of its appraisal district must have certified to the school district's tax assessor an estimate of the school district's taxable property value.⁴¹⁴

⁴⁰¹ Tex. Tax Code §26.01(a)

⁴⁰² Tex. Tax Code §26.01(a-1)

⁴⁰³ Tex. Tax Code §26.01(a)

⁴⁰⁴ Tex. Const. art. VIII, §1(a)

⁴⁰⁵ Tex. Tax Code §26.05(a)

⁴⁰⁶ Tex. Tax Code §26.09(c)

⁴⁰⁷ Tex. Tax Code §26.01(e)

⁴⁰⁸ Tex. Educ. Code §44.004; Tex. Loc. Gov't Code §§102.006, 111.007, 111.038(a) and 111.067

⁴⁰⁹ Tex. Loc. Gov't Code §§102.005(c) and 111.006(b); Tex. Educ. Code §44.0041; Tax Code §26.18

⁴¹⁰ Tex. Loc. Gov't Code §§102.007(c), 111.008(c), 111.039(c) and 111.068

⁴¹¹ Tex. Loc. Gov't Code §§102.007(a), 102.008(a)(2)(A), 111.008(a), 111.009(a)(2)(A), 111.039(a), 111.040(a)(2)(A) and 111.068(a)

⁴¹² Tex. Tax Code §26.04(e)

⁴¹³ Tex. Educ. Code §44.04(j)

⁴¹⁴ Tex. Tax Code §26.01(e)

The NNR tax rate is the rate the taxing unit needs to generate about the same amount of revenue it received in the year before on properties taxed in both years.⁴¹⁵ If property values rise, the NNR tax rate will go down and vice versa.⁴¹⁶ The actual tax rate depends on the budget adopted by the governing body.

The voter-approval tax rate would provide cities, counties and special purpose districts with about the same amount of tax levied in the previous year for day-to-day operations, plus an extra 3.5 percent increase for operating expenses and sufficient revenue to pay its debts in the coming year.⁴¹⁷ Junior college districts, hospital districts and certain small taxing units are allowed an 8 percent increase for operating expenses. The voter-approval tax rate for school districts is tied to school funding calculations plus the debt tax rate.⁴¹⁸

Taxing units must publish their NNR and voter-approval tax rates on their websites.⁴¹⁹ If a property owner believes that a taxing unit did not calculate and publish these rates or other required information in good faith, he or she may ask the district court to stop the taxing unit from adopting a tax rate until it complies with the law.⁴²⁰

Local government taxing units and special districts are required to publish their proposed tax rates and notice of hearing as a quarter-page notice in a local newspaper or by mailing notice to each taxpayer no later than Sept. 1 or 30 days after receiving each certified appraisal roll. School districts, small taxing units, water districts and other taxing units have other specific notice requirements.⁴²¹

Generally, if a taxing unit wants to increase its property tax rate above the lower of either the NNR tax rate or voter-approval tax rate, it must publish a quarter-page notice in a local newspaper or mail notice to each taxpayer to alert them of a special hearing.⁴²² The public hearing allows taxpayers to voice opinions about the proposed tax increase and ask questions of the governing body.⁴²³ The governing body may vote on the proposed tax rate at the hearing. If it does not, the

governing body must announce a date, time and place for the tax rate's formal adoption.⁴²⁴

If a taxpayer believes that a taxing unit failed to comply with tax rate adoption laws in good faith, he or she can ask a district court for an injunction to stop tax collections until the taxing unit complies with the law.⁴²⁵

Election to Approve Tax Rate

If a taxing unit other than a school district adopts a tax rate that exceeds the voter-approval tax rate, an automatic election is required when a special taxing unit in a city with a population of 30,000 or more adopts a rate that exceeds the voter-approval rate; any other taxing unit adopts a rate that exceeds the greater of its voter-approval rate or de minimis rate.⁴²⁶ The governing body shall hold an election in the taxing unit that occurs in November of the applicable tax year. The order calling the election may not be issued later than the 71st day before the date of the election.⁴²⁷ A successful election limits the taxing unit's current tax rate to the voter-approval tax rate.

If a school district adopts a tax rate that exceeds the voter-approval rate, it must automatically hold a tax rate ratification election (TRE). A successful election limits the taxing unit's current tax rate to the voter-approval tax rate.⁴²⁸ An election is not required in a school district if a tax rate increase is intended to pay for responses to a natural disaster.⁴²⁹

Only certain circumstances can voters in local taxing units petition for an election. The petition-based election is for a taxing unit other than a special purposed districts, school district, or city of 30,000 or more and only where the taxing unit's de minimis rate is higher than the voter-approval rate.⁴³⁰ If a taxing unit adopts a rate that is less than or equal to the de minimis rate and higher than the voter-approval rate calculated either under the regular (3.5 percent) or special (8 percent) formula voters can petition for an election.

⁴¹⁵ Tex. Tax Code §26.04(c)(1)

⁴¹⁶ Tex. Tax Code §26.04(c)(1)

⁴¹⁷ Tex. Tax Code §26.04(c)(2)

⁴¹⁸ Tex. Tax Code §26.08(n)

⁴¹⁹ Tex. Local Gov't Code §140.010(c); Tex. Tax Code §§26.04(e), 26.04(e-1) and 26.052(b)(2)

⁴²⁰ Tex. Tax Code §26.04(g)

⁴²¹ Tex. Tax Code §§26.04, 26.04(e-1) and 26.052(b) and (c); Tex. Water Code §§49.107 and 49.236

⁴²² Tex. Tax Code §§26.05(d) and 26.06(b) and (c)

⁴²³ Tex. Tax Code §26.06(a)

⁴²⁴ Tex. Tax Code §26.06(d)

⁴²⁵ Tex. Tax Code §26.05(e)

⁴²⁶ Tex. Tax Code §26.07(b)

⁴²⁷ Tex. Tax Code §26.07(k)

⁴²⁸ Tex. Tax Code §26.08(d)

⁴²⁹ Tex. Tax Code §26.08(a)

⁴³⁰ Tex. Tax Code §26.075(d)

A petition calling for the taxing unit to hold a tax rate election must:

- state that it is intended to require an election in the taxing unit on the question of reducing the tax rate for the current year;⁴³¹
- be signed by at least 3 percent of the registered voters in the taxing unit, depending on whether the adopted tax rate raises more or less than \$5 million for maintenance and operations taxes;⁴³² and
- be presented to the taxing unit's governing body within 90 days after it adopts the tax rate.⁴³³

Once the taxing unit's governing body receives a petition and finds that it is valid (or fails to act within the time allowed), it must order an election to be held on the next uniform election date that allows for compliance with election laws.⁴³⁴

If a majority votes in favor of the tax rate reduction, the tax rate is reduced to the voter-approval tax rate immediately.⁴³⁵

Tax Bills, Receipts and Other Records

The tax assessor must mail tax bills to both the property owner and his or her designated agent, if one is authorized.⁴³⁶

If a property owner's mortgage company pays property taxes on a home out of an escrow account, the property owner should make sure the taxing units send original tax bills to the mortgage company so that it receives the tax bill. A property owner may want to request a receipt from the tax office to verify that the mortgage company paid these taxes on time.⁴³⁷ The tax collector must give the taxpayer a receipt for the tax payment if he or she requests one.⁴³⁸

A property owner must pay taxes on the property owned on Jan. 1 of the tax year.⁴³⁹ Dealers and retailers of certain special inventories must submit a monthly inventory tax statement to the assessor-collector.⁴⁴⁰ If the business owner is a motor vehicle, vessel and outboard motor or heavy equipment dealer or a manufactured housing retailer, he or she should check with the appraisal district or tax office for details on how to report property and pay taxes on inventory.

If a property owner goes out of business after the first of the year, he or she is still liable for taxes on property owned on Jan. 1.⁴⁴¹ A property owner is not relieved of this liability because he or she no longer owns the property.⁴⁴² If a property owner conducts a going-out-of-business sale, he or she must request a going-out-of-business permit from the appraisal district.⁴⁴³ A business owner should check with the appraisal district for more details.

The tax bill may include taxes for more than one taxing unit if taxing units have combined their collection operations.⁴⁴⁴

⁴³¹ Tex. Tax Code §26.075(d)

⁴³² Tex. Tax Code §26.075(d)(2)

⁴³³ Tex. Tax Code §26.075(d)(3)

⁴³⁴ Tex. Tax Code §26.075(e)

⁴³⁵ Tex. Tax Code §26.07(h)

⁴³⁶ Tex. Tax Code §31.01(a)

⁴³⁷ Tex. Tax Code §31.075(a)

⁴³⁸ Tex. Tax Code §31.075

⁴³⁹ Tex. Tax Code §32.07(a)

⁴⁴⁰ Tex. Tax Code §§23.122(b), 23.1242(b), 23.125(b) and 23.128(b)

⁴⁴¹ Tex. Tax Code §32.07(a)

⁴⁴² Tex. Tax Code §32.07(a)

⁴⁴³ Tex. Business & Commerce Code §17.83

⁴⁴⁴ Tex. Tax Code §31.01(e)

Collections

Tax collections begin around Oct. 1.⁴⁴⁵ A property owner typically has until Jan. 31 of the following year to pay the taxes.⁴⁴⁶ On Feb. 1, penalty and interest charges begin accumulating on most unpaid tax bills.⁴⁴⁷ If Feb. 1 is drawing near and no bill has been received, a taxpayer should contact the local tax office to find out how much tax is owed and make sure the correct name and address are on record.

Under certain circumstances, taxing units may impose additional penalties for legal costs on unpaid taxes.⁴⁴⁸ Before a person buys a home, it is a good idea to obtain a tax certificate for the home from all jurisdictions that tax it. The tax certificate will show whether delinquent taxes are owed on the property.⁴⁴⁹

Tax Payment Deadlines

If the tax bill is mailed after Jan. 10, the delinquency date is postponed to the first day of the next month that allows at least 21 days to pay after original bill is mailed.⁴⁵⁰ The delinquency date must be printed on the bill.⁴⁵¹

Most property owners pay their property taxes before year's end so they can deduct the payments from their federal income taxes. If a property owner is appealing an ARB order to district court, he or she must pay the amount not in dispute; the amount due based on the ARB order; or the amount of taxes imposed on the property in the preceding year.⁴⁵² If a property owner's taxes are subject to the split-payment option, he or she may pay one-half of the required tax before Dec. 1 and the remaining half of that amount before July 1 of the following year.⁴⁵³ The appeal must be accompanied by a statement in writing of the amount of taxes not in dispute the property owner proposed to pay.⁴⁵⁴ A property owner may pay an additional amount of taxes at any time without

forfeiting his or her right to a final determination of the appeal.⁴⁵⁵ If a property owner is appealing an ARB order to binding arbitration, he or she must pay the tax amount not in dispute.⁴⁵⁶

A property owner may make a payment under protest by indicating so on the instrument of payment or a document accompanying the payment.⁴⁵⁷

Payment Options

Check with the tax collection office on local payment options that may be available, such as tax deferrals, discounts, escrow accounts, installments and split payments.

Property Tax Deferrals

A property owner may defer homestead taxes for value exceeding 105 percent of the home's appraised value, plus any new improvements, from the preceding tax year.⁴⁵⁸ The property owner must file a deferral application with the appraisal district before the taxes become delinquent⁴⁵⁹ and pay the taxes based on 105 percent of the home's value.⁴⁶⁰

While any taxpayer can defer payments on value that exceeds 105 percent, a homeowner age 65 or older or disabled or an individual qualified for a Tax Code Section 11.22 disabled veteran exemption may defer or postpone paying any property taxes on the full taxable value of the home for as long as he or she owns and lives in it.⁴⁶¹

To postpone tax payments, the taxpayer must file a tax deferral affidavit with the appraisal district.⁴⁶² A tax deferral only postpones the tax liability.⁴⁶³ It does not cancel it.⁴⁶⁴

⁴⁴⁵ Tex. Tax Code §31.01(a)

⁴⁴⁶ Tex. Tax Code §31.02(a)

⁴⁴⁷ Tex. Tax Code §33.01(a)

⁴⁴⁸ Tex. Tax Code §§33.01(a), 33.07 and 33.08

⁴⁴⁹ Tex. Tax Code §31.08(a)

⁴⁵⁰ Tex. Tax Code §31.04(a)

⁴⁵¹ Tex. Tax Code §31.01(c)(7)

⁴⁵² Tex. Tax Code §42.08(b)

⁴⁵³ Tex. Tax Code §42.08(c)

⁴⁵⁴ Tex. Tax Code §42.08(b-1)

⁴⁵⁵ Tex. Tax Code §42.08(c)

⁴⁵⁶ Tex. Tax Code §41A.10(a)

⁴⁵⁷ Tex. Tax Code §31.115

⁴⁵⁸ Tex. Tax Code §33.065(a)

⁴⁵⁹ Tex. Tax Code §33.065(b) and (c)

⁴⁶⁰ Tex. Tax Code §33.065(f)

⁴⁶¹ Tex. Tax Code §33.06(a) and (b)

⁴⁶² Tex. Tax Code §33.06(b)

⁴⁶³ Tex. Tax Code §33.06(a)

⁴⁶⁴ Tex. Tax Code §33.06(b) and (d)

Interest on the amount due accrues at the rate of 5 percent a year.⁴⁶⁵ Past taxes and interest become due 181 days after the property owner or qualified surviving spouse no longer owns or lives in the home that qualified as a homestead.⁴⁶⁶ Any penalty and interest that was due on the tax bill for the home before the tax deferral will remain on the property and become due when the deferral ends.⁴⁶⁷

A property owner may abate a delinquent tax lawsuit by filing this affidavit with the court.⁴⁶⁸ A property owner may stop a pending tax sale by filing the affidavit with the officer conducting the sale and the appraisal district, taxing unit or taxing unit's delinquent tax attorney.⁴⁶⁹

Installment Payments

Some taxpayers can pay homestead taxes in installments.⁴⁷⁰ If a person qualifies for a residence homestead exemption because he or she is disabled, age 65 or older, a disabled veteran or the surviving spouse of a disabled veteran, the property owner may pay the current taxes on the home in four installments.⁴⁷¹ This installment option is also available to partially disabled veterans and their unmarried surviving spouses with homes donated by charitable organizations.⁴⁷²

Homeowners and some small businesses whose property is damaged in a disaster and located in a designated disaster area also may pay their taxes in four installments.⁴⁷³

A property owner may pay taxes imposed on property in four equal installments without penalty or interest if the first installment payment is paid before the Feb. 1 delinquency date and the remaining three payments before April 1, June 1 and Aug. 1.⁴⁷⁴ If the delinquency date is not Feb. 1, other installment deadlines apply.⁴⁷⁵ Installment payments apply to all taxing units on the tax bill.⁴⁷⁶

The property owner must give written notice with his or her first payment that the property owner is paying the taxes in installments.⁴⁷⁷ A property owner may make the first installment and request the installment agreement prior to the first day of the first month after the delinquency date, but the owner will be penalized for the delinquency of the first installment.⁴⁷⁸

If a property owner misses an installment payment, he or she will receive a 6 percent penalty and pay interest at 1 percent per month for each month of delinquency.⁴⁷⁹

Other Payment Options

Check with the tax collector on payment options that may be available on a local option basis, such as:

- **discounts**, if taxes are paid early;⁴⁸⁰
- **split payment** of taxes, allowing the property owner to pay half the taxes by Nov. 30 and the remainder by June 30 without a penalty;⁴⁸¹
- **partial payment** of the taxes;⁴⁸²
- **escrow agreements** for a special year-round account;⁴⁸³ and
- **work contracts**, in lieu of paying taxes, for certain taxpayers doing certain duties.⁴⁸⁴

A tax collector is only required to enter into an escrow agreement when one is requested by:

- a disabled veteran or a recipient of the Purple Heart, Congressional Medal of Honor, Bronze Star Medal, Silver Star, Legion of Merit or a service cross awarded by a branch of the United States armed forces for payment of property taxes on the property owner's residence homestead;⁴⁸⁵ or
- a manufactured home owner for payment of property taxes on the property owner's manufactured home.⁴⁸⁶

⁴⁶⁵ Tex. Tax Code §33.06(d)

⁴⁶⁶ Tex. Tax Code §33.06(b) and (f)

⁴⁶⁷ Tex. Tax Code §33.06(d)

⁴⁶⁸ Tex. Tax Code §33.06(c)

⁴⁶⁹ Tex. Tax Code §33.06(c-1)

⁴⁷⁰ Tex. Tax Code §31.031

⁴⁷¹ Tex. Tax Code §31.031(a)

⁴⁷² Tex. Tax Code §31.031(a)(2)(B)

⁴⁷³ Tex. Tax Code §31.032(a)

⁴⁷⁴ Tex. Tax Code §31.031(a-1)

⁴⁷⁵ Tex. Tax Code §31.031(a-1)

⁴⁷⁶ Tex. Tax Code §31.031(a-1)

⁴⁷⁷ Tex. Tax Code §§31.031(a-1) and (a-2) and 31.032(b) and (b-1)

⁴⁷⁸ Tex. Tax Code §§31.031(a-2) and 31.032(b-1)

⁴⁷⁹ Tex. Tax Code §§31.031(b), 31.032(d) and 33.01(c)

⁴⁸⁰ Tex. Tax Code §31.05

⁴⁸¹ Tex. Tax Code §31.03

⁴⁸² Tex. Tax Code §31.07

⁴⁸³ Tex. Tax Code §31.072

⁴⁸⁴ Tex. Tax Code §§31.035, 31.036 and 31.037

⁴⁸⁵ Tex. Tax Code §31.072(h)

⁴⁸⁶ Tex. Tax Code §31.072(i)

Failure to Pay Taxes

The longer a taxpayer allows delinquent property taxes to go unpaid, the more expensive it becomes, as penalty and interest charges will be added to the taxes due.⁴⁸⁷ The property also may be foreclosed or seized.⁴⁸⁸

Penalty and interest charge accrue.

Regular penalty charges may be as high as 12 percent depending on how long the taxes remain unpaid.⁴⁸⁹ Interest is charged at the rate of 1 percent per month with no maximum.⁴⁹⁰ Private attorneys hired by taxing units to collect delinquent accounts can charge an additional 20 percent penalty.⁴⁹¹

Some tax collectors allow property owners to pay delinquent taxes in installments for up to 36 months.⁴⁹² They are not required to offer this option, except for a residence homestead.⁴⁹³ Before signing an installment agreement, the property owner should know that the law considers his or her signature an irrevocable admission that the property owner owes all the taxes covered by the agreement.⁴⁹⁴

Taxpayer can be sued.

The tax collector's last resort is to take a property owner to court if he or she is delinquent in paying taxes. Court costs and other expenses will be added to the delinquent tax bill.⁴⁹⁵

If a taxpayer owns taxable property on Jan. 1, he or she is liable for all taxes due on the property for that year.⁴⁹⁶ The property owner can be sued for delinquent taxes even if the property has since been sold or transferred.⁴⁹⁷

Property may be sold.

Each taxing unit holds a tax lien on each of a property owner's taxable properties.⁴⁹⁸ A tax lien automatically attaches to the property on Jan. 1 each year to secure payment of all taxes.⁴⁹⁹

This tax lien gives the courts the power to foreclose on the lien and seize a property owner's property, even if he or she did not own the home on Jan. 1.⁵⁰⁰ The property then will be auctioned and the proceeds used to pay the past due taxes.⁵⁰¹

⁴⁸⁷ Tex. Tax Code §33.01

⁴⁸⁸ Tex. Tax Code §§33.41, 33.21, 33.91 and 33.911

⁴⁸⁹ Tex. Tax Code §33.01(a)

⁴⁹⁰ Tex. Tax Code §33.01(c)

⁴⁹¹ Tex. Tax Code §§33.07 and 33.08

⁴⁹² Tex. Tax Code §33.02(a)(4)

⁴⁹³ Tex. Tax Code §33.02(a)

⁴⁹⁴ Tex. Tax Code §33.02(c)

⁴⁹⁵ Tex. Tax Code §33.48(a)

⁴⁹⁶ Tex. Tax Code §32.07(a)

⁴⁹⁷ Tex. Tax Code §32.07(a)

⁴⁹⁸ Tex. Tax Code §32.01(a)

⁴⁹⁹ Tex. Tax Code §32.01(a)

⁵⁰⁰ Tex. Tax Code §32.05(a)

⁵⁰¹ Tex. Tax Code §§34.01(a) and 34.02(b)(6)

For more information, visit our website:
comptroller.texas.gov/taxes/property-tax

In compliance with the Americans with Disabilities Act,
this document may be requested in alternative formats
by calling toll free 800-252-5555.



Sign up to receive email updates on the Comptroller topics
of your choice at comptroller.texas.gov/subscribe/.

Texas Comptroller of Public Accounts
Publication #96-1425
June 2020