



# CAROLE KEETON STRAYHORN

## Texas Comptroller of Public Accounts

# Property Tax Division

### Comptroller Strayhorn's 10 Principles for Texas in the 21st Century

- ★ Develop a better-educated work force
- ★ Direct more of every education dollar into the classroom
- ★ Raise the bar on student performance
- ★ Cut taxes in Texas
- ★ Introduce competition into Texas government
- ★ Improve government performance and accountability
- ★ Reduce the size of government
- ★ Bring common sense to regulations
- ★ Use technology to cut costs and increase quality
- ★ Return control to communities and individuals.

If you have questions or comments regarding the Texas Property Tax Code or wish to obtain additional copies, please e-mail us at [ptd.cpa@cpa.state.tx.us](mailto:ptd.cpa@cpa.state.tx.us), call us toll free at 1-800-252-9121 or direct in Austin at 512/305-9999, or write us at Texas Comptroller of Public Accounts, Property Tax Division, Post Office Box 13528, Austin, Texas 78711.

### WHO ARE WE?

The Property Tax Division (PTD) researches and publishes an annual property value study of all independent school districts and central appraisal districts. The study determines the value on which Texas school districts receive funding from the state and is very important to maintaining an equitable school finance system.

The division maintains the Property Tax Code and legal manuals and provides advice and information on property tax issues. By state law, however, neither PTD nor the Comptroller's office have any jurisdiction in county appraisal districts or review boards and can only act in an advisory role in local matters.

The division also administers the Permanent University Fund property taxes, the economic development (tax abatement) refund prescribed by S.B. 345, 74th Tex. Leg., and the tax abatement registry.

- Property tax staff review eligible appraisal districts to ensure compliance with industry standards.
- The division is responsible for training appraisal review boards, providing information to the public and scheduling seminars and presentations for appraisers, appraisal districts and taxing authorities.
- The division provides legislative support, including preparing fiscal notes, monitoring committees and providing expert testimony. Staff also advises lawmakers on the impact of property taxes on school district funding.

### PROPERTY TAX BASICS

Property taxes are local taxes. Local officials appraise and set the value of your property, set your tax rates and collect your taxes. However, state law governs how the process works. You can play an effective role in the process if you know your rights, understand the remedies available to you and fulfill your responsibilities.

Property taxes are based on monetary value. For example, the property tax due on a vacant lot valued at \$10,000 would be 10 times as much as the tax for one valued at \$1,000.

Your most important right as a taxpayer is your right to protest to the appraisal review board (ARB). You may protest if you disagree with any of the appraisal district's actions concerning your property. You may discuss your objections about your property value, exemptions and special appraisal in a hearing with the ARB, an impartial panel of your fellow citizens. Most appraisal districts will informally review your protest with you to try to resolve your concerns. Check with your district for details.

If you lease property and are required by the lease contract to pay the owner's property taxes, you may appeal the property's value to the ARB. You may make this appeal only if the property owner does not. This appeal right applies to leased land, buildings and personal property. The appraisal district will send the notice of appraised value to the property owner, who is required to send a copy to you. If you appeal, the ARB will send any subsequent notices to you.

**For more information, visit our Web site at [www.cpa.state.tx.us/proptax/proptax.html](http://www.cpa.state.tx.us/proptax/proptax.html)**

**Receive tax help via e-mail at [ptd.cpa@cpa.state.tx.us](mailto:ptd.cpa@cpa.state.tx.us)**

## FREQUENTLY ASKED QUESTIONS

### Q: What are property taxes?

**A:** Property taxes—also called ad valorem taxes—are locally assessed taxes. The county appraisal district appraises property located in the county, while local taxing units set tax rates and collect property taxes based on those values. Property taxes provide more tax dollars for local services in Texas than any other source—they help pay for public schools, city streets, county roads, police, fire protection and many other services.

### Q: How does the property tax system work?

**A:** There are three main parts to the property tax system in Texas:

- An appraisal district in each county sets the value of property each year. A chief appraiser is the chief administrator and operates the appraisal office.
- A citizen board, called the appraisal review board, settles any disagreements between a property owner and the appraisal district about a property's value.
- Local taxing units—city, county, school and special districts—decide how much money they will spend by adopting a budget. Next, the units set tax rates that will raise the revenue necessary to fund their budgets. The adopted budgets and the tax rates set to fund the budgets determine the total amount of taxes that a person will pay.

The property tax year has four stages: appraising taxable property, protesting the appraised values, adopting the tax rates and collecting the taxes.

1. January 1 marks the beginning of property appraisal. What a property is used for on January 1, market conditions at that time and who owns the property on that date determine whether the property is taxed, its value and who is responsible for paying the tax.
2. Between January 1 and April 30, the appraisal district processes applications for tax exemptions, agricultural appraisals and other tax relief.
3. Around May 15, the appraisal review board begins hearing protests from property owners who believe their property values are incorrect or who did

not get exemptions or agricultural appraisal. When the ARB finishes its work, the appraisal district gives each taxing unit a list of taxable property.

4. In August or September, the elected officials of each taxing unit adopt tax rates for their operations and debt payments. Several taxing units tax your property. Every property is taxed by the county and the local school district. You also may pay taxes to a city and to special districts such as hospital, junior college, water, fire and others.

Tax collection starts around October 1 as tax bills go out. Taxpayers have until January 31 of the following year to pay their taxes. On February 1, penalty and interest charges begin accumulating on most unpaid tax bills. Tax collectors may start legal action to collect unpaid taxes on February 1.

### Q: Does Texas have a state property tax?

**A:** No. Texas has only local property taxes levied by local taxing units. The state does not have local tax records on each property and its ownership and does not set your property's value for property taxes.

### Q: Which local taxing units may tax my property in Texas?

**A:** All taxable property will pay county and school taxes. If the property is located inside a city's boundaries, you also may pay city taxes. Special taxing units—junior college, hospital district, road district and others—may also tax your property.

### Q: How can the State Comptroller help local governments and taxpayers?

**A:** State law allows the Comptroller's office to advise local governments and taxpayers on property tax issues, but it cannot intervene in local tax matters.

### Q: Who do I contact if I want to file a complaint against the ethics or professional conduct of a chief appraiser, appraiser or tax assessor-collector?

**A:** You can file a written protest with the Board of Tax Professional Examiners (BTPE).

***In August or September, the elected officials of each taxing unit adopt tax rates for their operations and debt payments.***

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The BTPE regulates the registration and professional conduct of persons in the appraising, assessing and collecting occupation. You may contact BTPE's Executive Director by calling 512/305-7300 or writing to

333 Guadalupe Street  
Tower II  
Suite 520  
Austin, Texas 78701.

### Q: Who governs a local county appraisal district?

**A:** A local board of directors governs the appraisal district.

### Q: How are directors chosen?

**A:** The governing bodies of taxing units that vote on the appraisal district's budget (county, city, school and some conservation and reclamation districts) select the appraisal district's directors. If the governing bodies do not select the county tax assessor-collector as a director, the county tax assessor-collector (if he or she collects the county's taxes) serves as a non-voting director.

### Q: How is an appraisal district funded?

**A:** Each taxing unit located in that appraisal district pays its pro rata share of the budget. Some appraisal districts have adopted different funding mechanisms. Most appraisal districts base each taxing unit's share on the amount of taxes levied by that unit compared to the total taxes levied by all units in the district.

### Q: How are appraisal review board (ARB) members appointed?

**A:** The board of directors of each appraisal district appoints the review board members.

### Q: What qualifications must an individual meet to serve on the appraisal review board?

**A:** An individual must be a resident of the district for two or more years before taking office. No special requirements are necessary. An individual may not serve if he or she is an appraisal district director or an employee or officer of an appraisal district, tax office or the Comptroller's office. Also, an individual is ineligible to serve in counties having a population of more than 100,000 until the fourth anniversary of the date

the person ceased to serve as a member or officer of a taxing unit for which the appraisal district appraises property or if the person has ever appeared before the review board for compensation. Finally, an individual cannot serve if he or she is closely related (second degree by blood or marriage) to an individual paid as a tax agent or is in the business of appraising property for tax purposes in the appraisal district.

ARB members may not contract with the appraisal district or with a taxing unit in the district. This includes the member or a business entity in which the member has a substantial interest.

A list of appraisal district office addresses and phone numbers is available online at [www.window.state.tx.us/taxinfo/proptax/adalindex.html](http://www.window.state.tx.us/taxinfo/proptax/adalindex.html).

## TEXAS PROPERTY TAX SYSTEM

- The **property taxpayer**, whether residential or business, is responsible for paying taxes and has a reasonable expectation that the taxing process will be fairly administered.
- An **appraisal district** in each county, administered by a chief appraiser, sets the value of your property each year. The appraisal district's board of directors hires the chief appraiser. Local taxing units appoint the directors and fund the appraisal district according to a formula that is based on taxes.
- An **appraisal review board** (ARB) settles disagreements between you and the appraisal district about the taxability and value of your property. The appraisal district's board of directors appoints citizens from the community to serve as ARB members.
- Local **taxing units**, including the school districts, counties, cities and special districts, decide how much money they must spend to provide 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.

*The board of directors of each appraisal district appoints the review board members.*

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***Through a Comptroller appeals process, a school district can contest the state values.***

- **Property Tax**, a division of the State Comptroller's office, conducts an annual Property Value Study (PVS) for each school district for state funding purposes. This study, an independent estimate mandated by the Texas Legislature, ensures that property values within a school district are at or near market value for equitable school funding. The state sends more money to those districts that are less able to raise money locally because of insufficient taxable property. The Comptroller's values do not directly affect local values or property taxes, which are determined locally. However, when local values are more than 5 percent below state values, the school district could receive fewer state dollars because the funding formulas will use state values to calculate state funding. Through a Comptroller appeals process, a school district can contest the state values. In any case, understanding the reasons for the differences in the state and local values is critical for school districts and the appraisal districts that serve them.

## PROPERTY TAX PUBLICATIONS

You will find all of the Texas Comptroller's property tax publications on the Local Property Tax Web page <http://www.window.state.tx.us/taxinfo/proptax/proptax.html> of the Texas Comptroller's Window on State Government.

Some of the publications available both online and in printed copy are:

- Texas Property Tax Code 2004 Edition
- 2004 Appraisal District Directory
- 2004 Appraisal Review Board (ARB) Manual
- Taxpayers' Rights, Remedies and Responsibilities
- Los Derechos, Remedios Legales y las Responsabilidades de los Contribuyentes de Impuestos 2004
- Manual for the Appraisal of Agricultural Land - April 1990

### Property Tax Division Information Services

<http://www.window.state.tx.us/taxinfo/proptax/proptax.html>

Call toll free in Texas 1-800-252-9121.

(In Austin, call 512/305-9999.)

Carole Keeton Strayhorn

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Texas Comptroller of Public Accounts,

Property Tax Division, P.O. Box 13528,

Austin, Texas 78711-3528

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