

The seal of the Texas Comptroller of Public Accounts is a circular emblem. It features a five-pointed star in the center, surrounded by a wreath. The words "THE COMPTROLLER" are inscribed along the top arc, and "TEXAS" is at the bottom. The background of the entire slide is a solid blue color.

**Glenn Hegar**

Texas Comptroller of Public Accounts

# Texas Property Tax Basics

March 2024



# Table of Contents

**Introduction** . . . . . 1

    Property Tax Administration . . . . . 2

    Property Tax Cycle . . . . . 3

**Appraisal** . . . . . 5

    Rendering Property . . . . . 5

    Appraisal Methods . . . . . 6

    Limitation on Residence Homestead Value Increases . . . . . 7

    Temporary Circuit Breaker Limitation on Appraised Value of Real Property . . . . . 8

    Notice of Appraised Value . . . . . 8

    Exemptions . . . . . 9

    Tax Ceiling (Freeze) . . . . . 13

    Agricultural (Ag) Appraisal . . . . . 14

**Equalization** . . . . . 17

    Actions Subject to Protest . . . . . 19

    Hearing Notification . . . . . 21

    Protest Considerations . . . . . 22

    Respect the Process . . . . . 22

    Limited Binding Arbitration for Certain Procedural Requirements . . . . . 24

    Appealing an ARB Order . . . . . 26

**Assessment** . . . . . 28

    Determining the Tax Rate . . . . . 28

    Calculating Tax Rate . . . . . 28

    Election to Approve Tax Rate . . . . . 29

    Tax Bills, Receipts and Other Records . . . . . 30

**Collections** . . . . . 31

    Tax Payment Deadlines . . . . . 31

    Payment Options . . . . . 31

    Failure to Pay Taxes . . . . . 33



# Introduction

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

Texas law requires property values used in determining taxes to be equal and uniform. It establishes the process for local officials to follow in determining property values, setting tax rates and collecting taxes. **Exhibit 1** includes some basic property tax rules from 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.<sup>1</sup>
- No single property or property type should be taxed more than its fair market value.<sup>2</sup>

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

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

#### 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.<sup>6</sup>
- Notice must be given of intent to consider tax increases.<sup>7</sup>

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.<sup>8</sup>
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.<sup>9</sup>
4. You have the right to receive exemptions or other tax relief for which you qualify and apply timely.<sup>10</sup>
5. You have the right to be notified of property value increases and exemption changes.<sup>11</sup>
6. You have the right to request and inspect non-confidential information used to appraise your property.<sup>12</sup>
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.<sup>13</sup>
8. You have the right to appeal the appraisal review board's decision to district court in the county where the property is located.<sup>14</sup>
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 ask questions of the governing body responsible for setting tax rates.<sup>15</sup>
11. You have the right to notice of estimated tax amounts.<sup>16</sup>
12. You have the right to petition certain local taxing units to call an election to limit a tax increase in certain circumstances.<sup>17</sup>
13. You have the right to receive a free copy of the *Taxpayer Assistance Pamphlet* published by the Texas Comptroller of Public Accounts prior to your protest before the appraisal review board.<sup>18</sup>

<sup>8</sup> Tex. Const. art. VIII, §1(a)

<sup>9</sup> Tex. Tax Code Ch. 23 and §23.01(b)

<sup>10</sup> Tex. Const. art. VIII, §1(b), (1-b); Tex. Tax Code Ch. 11

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

<sup>12</sup> Tex. Tax Code §25.195

<sup>13</sup> Tex. Tax Code §41.41(a)

<sup>14</sup> Tex. Tax Code §§42.01 and 42.21(a)

<sup>15</sup> Tex. Educ. Code §44.004, Tex. Gov't Code Ch. 551 and Tex. Tax Code §26.06

<sup>16</sup> Tex. Tax Code §25.19

<sup>17</sup> Tex. Tax Code §§26.07, 26.075 and 26.08 and Tex. Water Code §49.236

<sup>18</sup> Tex. Tax Code §41.461

<sup>1</sup> Tex. Const. art. VIII, §1(a)

<sup>2</sup> Tex. Const. art. VIII, §20

<sup>3</sup> Tex. Const. art. VIII, §1(b)

<sup>4</sup> Tex. Const. art. VIII, §1-d-1

<sup>5</sup> Tex. Const. art. VIII, §1(b)

<sup>6</sup> Tex. Const. art. VIII, §21(c)

<sup>7</sup> Tex. Const. art. VIII, §21(a)

---

## 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 authorities administer the taxing process fairly. The property owner is also referred to as the taxpayer.

The **appraisal district** in each county is responsible for appraising the total market value of property each year.<sup>19</sup> The appraisal district can answer questions about local appraisal processes, exemption administration, agricultural appraisal and the protest process. The appraisal district is administered by a **chief appraiser** hired by the **appraisal district board of directors**.<sup>20</sup>

Beginning July 1, 2024, the governance of the appraisal district and certain functions performed by the appraisal district board of directors are based on the population of the county in which the appraisal district is established. A county with a population of less than 75,000 is considered a **less populous county**.<sup>21</sup> A county with a population of 75,000 or more is considered a **populous county**.<sup>22</sup>

The **appraisal review board (ARB)** is a board of local citizens that hears disagreements between property owners and the appraisal district about a property's taxability and value.<sup>23</sup> ARB members are appointed by the local administrative district judge in the county in which the appraisal district is located.<sup>24</sup> Beginning July 1, 2024, the ARB member appointment process is based on the population of the county in which the appraisal district is established. The local administrative district judge will continue to appoint ARB members in a less populous county.<sup>25</sup> The appraisal

district board of directors appoints ARB members in a populous county.<sup>26</sup>

A **taxpayer liaison officer (TLO)** must be appointed by the appraisal district board of directors in counties with a population of more than 120,000. The TLO is the appraisal district officer primarily responsible for providing assistance to taxpayers for the district, administering public access functions, resolving disputes not involving matters that may be the subject of a protest and compiling a list of comments, complaints and suggestions related to the fairness and efficiency of the ARB.<sup>27</sup>

**Local taxing units**, including school districts, counties, cities, junior colleges and special purpose districts, decide how much money they need to provide public services. Taxing units set property tax rates according to their budgets. Some taxing units have access to other revenue sources, such as a local sales tax. School districts must rely on local property tax and 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.<sup>28</sup> The assessor-collector then transfers the appropriate amounts of tax collected to each taxing unit.<sup>29</sup> Although some taxing units may contract with an appraisal district to collect taxes, the appraisal district does not levy a property tax.<sup>30</sup>

**PTAD's** role is primarily limited to monitoring services. At least once every two years, PTAD conducts a School District Property Value Study (SDPVS) for each school district for school funding purposes. The SDPVS is an independent estimate mandated by the Texas Legislature of property values within a school district.<sup>31</sup> The Comptroller's values do not directly affect local values or property taxes.

PTAD also performs Methods and Assistance Program (MAP) reviews of all appraisal districts every two years. The reviews address four issues:

---

<sup>19</sup> Tex. Tax Code §§6.01(a) and (b) and 23.01(a)

<sup>20</sup> Tex. Tax Code §6.05(c)

<sup>21</sup> Tex. Tax Code §6.03(a) as amended by Acts 2023, 88th Leg., 2nd C.S., ch. 1 (S.B. 2), Sec. 5.02, effective July 1, 2024

<sup>22</sup> Tex. Tax Code §6.0301(a) as added by Acts 2023, 88th Leg., 2nd C.S., ch. 1 (S.B. 2), Sec. 5.03, effective July 1, 2024

<sup>23</sup> Tex. Tax Code §41.01(a)(1)

<sup>24</sup> Tex. Tax Code §6.41(d)

<sup>25</sup> Tex. Tax Code §6.41(d) as amended by Acts 2023, 88th Leg., 2nd C.S., ch. 1 (S.B. 2), Sec. 5.09, effective July 1, 2024

---

<sup>26</sup> Tex. Tax Code §6.41(d) as amended by Acts 2023, 88th Leg., 2nd C.S., ch. 1 (S.B. 2), Sec. 5.09, effective July 1, 2024

<sup>27</sup> Tex. Tax Code §6.052(a)

<sup>28</sup> Tex. Tax Code §6.23

<sup>29</sup> Tex. Tax Code §31.10

<sup>30</sup> Tex. Tax Code §6.24(a)

<sup>31</sup> Tex. Gov't Code §403.302

- governance;
- taxpayer assistance;
- operating procedures; and
- appraisal standards, procedures and methodologies.<sup>32</sup>

PTAD reviews approximately half of all appraisal districts each year. School districts located in counties that do not receive a MAP review in a tax year will be subject to an SDPVS the following year.

General information about the Texas property tax system is available on the Comptroller’s website at [comptroller.texas.gov/taxes/property-tax/](https://comptroller.texas.gov/taxes/property-tax/) or by calling PTAD at 800-252-9121 (press 3). 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.

### EXHIBIT 3 Tax Calendar Phases

Appraisal Phase (Jan. 1 through May 15)	
Jan. 1 – April 30	Appraisal districts appraise property and process exemption applications <sup>33</sup>
April – May 1	Appraisal districts send notices of appraised value to property owners <sup>34</sup>
May 15	Appraisal districts prepare the appraisal record and submit it to the ARB <sup>35</sup>
Equalization Phase (May 15 through July 25)	
May 15 – July 20	ARBs hear and determine protests and challenges <sup>36</sup>
July 20	ARBs approve the appraisal records <sup>37</sup>
July 25	Appraisal districts certify the appraisal roll <sup>38</sup>

<sup>32</sup> Tex. Tax Code §5.102(a)

<sup>33</sup> Tex. Tax Code §§11.43 and 23.01

<sup>34</sup> Tex. Tax Code §25.19

<sup>35</sup> Tex. Tax Code §25.22

<sup>36</sup> Tex. Tax Code §§41.01 and 41.12

<sup>37</sup> Tex. Tax Code §41.12

<sup>38</sup> Tex. Tax Code §26.01

Assessment Phase (July 25 through Oct. 1)	
July 25	Taxing units receive the appraisal roll <sup>39</sup>
July 25 – Sept. 30	Taxing units adopt tax rates and levy (calculate) taxes <sup>40</sup>
Oct. 1	Tax collectors begin sending tax bills to taxpayers <sup>41</sup>
Collection Phase (Oct. 1 through Jan. 31)	
Oct. 1 – Jan. 31	Tax collectors collect current taxes <sup>42</sup>
Feb. 1	Penalties and interest begin accruing <sup>43</sup>
July 1	Tax collectors may add additional penalties for legal costs <sup>44</sup>

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 state or national holiday, the deadline is the next regular business day.<sup>45</sup> 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](https://comptroller.texas.gov/taxes/property-tax/calendars/index.php).

During the appraisal phase, appraisal districts appraise property, make determinations on exemption applications, send appraisal notices to property owners, and submit the appraisal records to the ARB. The ARB hears and determines property owner protests and taxing unit challenges and approves the appraisal records during the equalization phase. The assessment phase begins when taxing units receive the appraisal roll from the chief appraiser. During the assessment phase, taxing units adopt tax rates, calculate levies and send tax bills. Taxes are collected and penalties and interest are applied on delinquent taxes during the collections phase.

<sup>39</sup> Tex. Tax Code §26.01

<sup>40</sup> Tex. Tax Code §§26.01 and 26.05

<sup>41</sup> Tex. Tax Code §31.01(a)

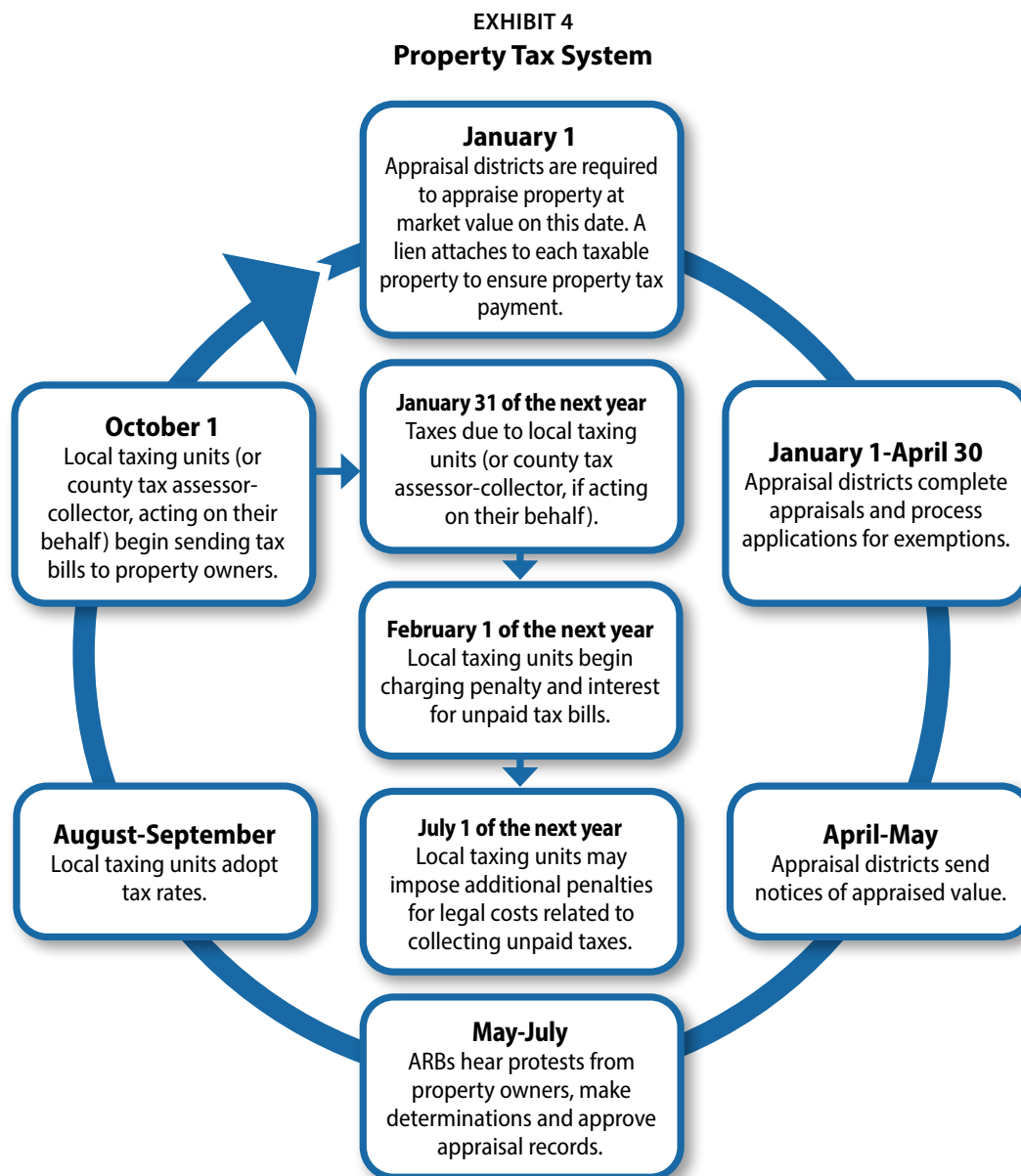
<sup>42</sup> Tex. Tax Code §31.01(a)

<sup>43</sup> Tex. Tax Code §§31.02 and 33.01

<sup>44</sup> Tex. Tax Code §33.07

<sup>45</sup> 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

Appraisal districts determine the market value of all taxable property in each county in Texas.<sup>46</sup> A board of directors presides over the appraisal district.<sup>47</sup> Generally, a taxing unit that imposes property taxes, such as a county, city or school district, is a member of the appraisal district.<sup>48</sup>

The appraisal district is an independent political subdivision and must follow applicable laws, including the Open Meetings Act and the Public Information Act.<sup>49</sup> Meetings are generally open to the public and information generated by the appraisal district is, in most cases, also available.<sup>50</sup>

The appraisal district board of directors hires a chief appraiser, approves the appraisal district budget, approves contracts, appoints ARB members as applicable, sets policy and confirms members of the agricultural advisory board.<sup>51</sup> In counties with a population of more than 120,000, it also appoints a TLO who works directly under the board of directors and fields taxpayer questions and complaints.<sup>52</sup>

Each year the appraisal district compiles a list of taxable property in the county.<sup>53</sup> The listing for each property must contain a property description and the owner's name and address.<sup>54</sup> The appraisal district must repeat its appraisal process for property at least once every three years.<sup>55</sup>

## Rendering Property

A rendition is a form that property owners use to report taxable property owned on Jan. 1 to the appraisal district.<sup>56</sup> Property owners can render both real and personal property. The rendition identifies, describes and gives the location

of the taxable property. Rendition reports are primarily for business owners who must report renditions of their personal property used for the production of income.<sup>57</sup> 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.<sup>58</sup> 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.<sup>59</sup>

Property owners generally must file renditions with the appraisal district after Jan. 1 and no later than April 15.<sup>60</sup> A property owner may request an extension in writing to file their rendition report by May 15. The chief appraiser must grant this request and may extend the deadline another 15 days beyond May 15 if the property owner can show good cause for needing an extension.<sup>61</sup>

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.<sup>62</sup>

Property owners are subject to significant penalties for delinquent or fraudulent renditions.<sup>63</sup> Check with the appraisal district for rendition forms and more information about rendering business personal property.<sup>64</sup> If the taxable value of business personal property is less than \$2,500 in any one taxing unit, the property is exempt in that taxing unit.<sup>65</sup> The under \$2,500 exemption does not require a special application.<sup>66</sup>

<sup>46</sup> Tex. Tax Code §6.01(a) and (b)

<sup>47</sup> Tex. Tax Code §§6.03 and 6.0301 as added by Acts 2023, 88th Leg., 2nd C.S., ch. 1 (S.B. 2), Sec. 5.03, effective July 1, 2024 and 6.0301(c) as added by Acts 2023, 88th Leg., 2nd C.S., ch. 1 (S.B. 2), Sec. 5.03, effective July 1, 2024

<sup>48</sup> Tex. Tax Code §6.03(c)

<sup>49</sup> Tex. Tax Code §6.01(c) and Tex. Gov't Code Chs. 551 and 552

<sup>50</sup> Tex. Gov't Code Chs. 551 and 552

<sup>51</sup> Tex. Tax Code §§6.05(c) and (h), 6.06(b), 6.11(a), 6.12(a), 25.01(b) and Tex. Loc. Gov't Code §252.043(f)

<sup>52</sup> Tex. Tax Code §6.052(a)

<sup>53</sup> Tex. Tax Code §25.01

<sup>54</sup> Tex. Tax Code §25.02(a)

<sup>55</sup> Tex. Tax Code §25.18(b)

<sup>56</sup> Tex. Tax Code §§22.01 and 22.24

<sup>57</sup> Tex. Tax Code §22.01(a) and (f)

<sup>58</sup> Tex. Tax Code §22.01(a)

<sup>59</sup> Tex. Tax Code §25.19(a)(2)

<sup>60</sup> Tex. Tax Code §22.23(a)

<sup>61</sup> Tex. Tax Code §22.23(b)

<sup>62</sup> Tex. Tax Code §22.23(d)

<sup>63</sup> Tex. Tax Code §§22.28 and 22.29

<sup>64</sup> Tex. Tax Code §22.25

<sup>65</sup> Tex. Tax Code §11.145

<sup>66</sup> Tex. Tax Code §11.43(a)

Appraisal district staff may enter and inspect business premises to determine the owner's taxable personal property and its value.<sup>67</sup> They must make such inspections during normal business hours or at a time agreeable to the business owner.<sup>68</sup>

Except in certain specific circumstances, income and expense information included in rendition reports is confidential.<sup>69</sup> Confidential information may only be disclosed to:

- the person who filed the statement or report and their authorized representative;<sup>70</sup>
- the property owner and their authorized representative;<sup>71</sup>
- the Comptroller's office and authorized Comptroller employees;<sup>72</sup>
- a taxing unit and its legal representative for delinquent tax collection purposes;<sup>73</sup>
- an authorized representative or employee of a taxing unit responsible for auditing, monitoring or reviewing appraisal district operations;<sup>74</sup>
- a school district employee or authorized representative involved in preparing a protest of the Comptroller's SDPVS;<sup>75</sup> and
- other specified persons.<sup>76</sup>

## Appraisal Methods

Before appraisals begin, the appraisal district compiles a list of taxable property. The list contains each property's description and the owner's name and address. 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.<sup>77</sup>

Appraisal districts appraise most taxable property at market value as of Jan. 1.<sup>78</sup> 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.<sup>79</sup>

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.<sup>80</sup>

### Market Data (Sales) Comparison Approach

Appraisal districts use the market data (sales) comparison approach to base value on sales prices of similar properties. The appraisal district compares the appraised property to similar recently sold properties and then adjusts the comparable sold properties for the differences between them and the appraised property.<sup>81</sup>

A sale is only comparable if the sale occurred within 24 months of the appraisal date unless there are too few similar sales within that time to constitute a representative sample.<sup>82</sup> For residential property in a county with a population of more than 150,000, a sale is only comparable if the sale occurred within 36 months of the appraisal date, regardless of the number of similar sales within that time frame.<sup>83</sup>

Comparable sales must be time-adjusted<sup>84</sup> and similar in location, lot size, improvements, age, condition, access, amenities, views, income, operating expenses and occupancy.<sup>85</sup> The existence of easements, deed restrictions or other legal burdens affecting a property's ability to sell also must be considered.<sup>86</sup>

### Income Approach

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

<sup>67</sup> Tex. Tax Code §22.07(a)

<sup>68</sup> Tex. Tax Code §22.07(b)

<sup>69</sup> Tex. Tax Code §22.27(a)

<sup>70</sup> Tex. Tax Code §22.27(b)(2)

<sup>71</sup> Tex. Tax Code §22.27(b)(2)

<sup>72</sup> Tex. Tax Code §22.27(b)(3)

<sup>73</sup> Tex. Tax Code §22.27(b)(7)

<sup>74</sup> Tex. Tax Code §22.27(b)(8)

<sup>75</sup> Tex. Tax Code §22.27(b)(9)

<sup>76</sup> Tex. Tax Code §22.27(b)

<sup>77</sup> Tex. Tax Code §§25.01, 25.02 and 25.18(b)

<sup>78</sup> Tex. Tax Code §23.01(a)

<sup>79</sup> Tex. Tax Code §1.04(7)

<sup>80</sup> Tex. Tax Code §23.0101

<sup>81</sup> Tex. Tax Code §23.013(a)

<sup>82</sup> Tex. Tax Code §23.013(b)

<sup>83</sup> Tex. Tax Code §23.013(b-1)

<sup>84</sup> Tex. Tax Code §23.013(c)

<sup>85</sup> Tex. Tax Code §23.013(d)

<sup>86</sup> Tex. Tax Code §23.013(d)

The income approach is most suitable for properties frequently purchased and held to produce income, such as apartments, retail properties and office buildings.<sup>87</sup> A chief appraiser must estimate the property's gross income potential and operating expenses, capitalization rates or discount rates, and base projections of future rent or income potential and expenses on reasonably clear and appropriate evidence.<sup>88</sup> The chief appraiser may not separately appraise or account for personal property already included in the real property appraisal when using the income approach.<sup>89</sup>

### Cost Approach

The cost approach is based on the cost of replacing the building (improvement) with one of equal utility. Appraisers use cost data from generally accepted sources and make any appropriate adjustment for physical, functional or economic obsolescence.<sup>90</sup> After applying depreciation, appraisers add the estimated improvement value to the land value to determine the property's total value. The cost approach is beneficial in appraising property types for which sales and income data are scarce, unique properties and new construction.<sup>91</sup>

### Mass Appraisal

Appraisal districts use the mass appraisal method to calculate the value of large numbers of properties.<sup>92</sup> 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.<sup>93</sup>

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

properties in each class. Each property is appraised based on its individual characteristics.<sup>94</sup>

Appraisal districts must determine a residence homestead's market value solely on its current use regardless of its highest and best use.<sup>95</sup> For example, appraisal districts must appraise a homestead 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 commercial property. In determining a residence homestead's market value, the chief appraiser must consider the value of other residential property in the neighborhood, 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.<sup>96</sup>

## Limitation on Residence Homestead Value Increases

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

- the property's market value; or
- the sum of:
  - 10 percent of the property's appraised value for last year;
  - the property's appraised value for last year; and
  - the market value of all new improvements to the property.<sup>97</sup>

A new improvement is an improvement to a residence homestead made after the most recent appraisal that increases its market value and was not included in the property's appraised value in 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.<sup>98</sup> A replacement structure for a structure rendered uninhabitable or unusable by a casualty or wind or water damage also does not qualify as a new improvement under certain circumstances.<sup>99</sup>

<sup>87</sup> 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)

<sup>88</sup> Tex. Tax Code §23.012

<sup>89</sup> Tex. Tax Code §23.24(b)

<sup>90</sup> Tex. Tax Code §23.011

<sup>91</sup> 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)

<sup>92</sup> Tex. Tax Code §23.01(b)

<sup>93</sup> Tex. Tax Code §23.01

<sup>94</sup> Tex. Tax Code §23.01(b)

<sup>95</sup> Tex. Tax Code §23.01(d)

<sup>96</sup> Tex. Tax Code §23.01(c)

<sup>97</sup> Tex. Tax Code §23.23(a)

<sup>98</sup> Tex. Tax Code §23.23(e)

<sup>99</sup> Tex. Tax Code §23.23(f) and (g)

The appraisal limitation takes effect on 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 owner no longer qualifies for the residence homestead exemption.<sup>100</sup>

## Temporary Circuit Breaker Limitation on Appraised Value of Real Property

Texas law sets a limit on the amount of annual increase to the appraised value of qualifying real property to not exceed the lesser of:

- the property's market value; or
- the sum of:
  - 20 percent of the property's appraised value for last year;
  - the property's appraised value for last year; and
  - the market value of all new improvements to the property.<sup>101</sup>

To qualify for the circuit breaker limitation, the real property's appraised value must be less than a specified amount in the year in which the circuit breaker limitation takes effect.<sup>102</sup> For the 2024 tax year, the appraised value must be \$5 million or less. In subsequent tax years, the Comptroller is required to adjust the value threshold by the percentage increase or decrease in the consumer price index.<sup>103</sup> Property receiving a residence homestead exemption or special appraisal under Tax Code Chapter 23, Subchapters C, D, E, F, G or H is not eligible for the circuit breaker limitation.<sup>104</sup>

The circuit breaker limitation takes effect on Jan. 1 of the tax year following the tax year in which the owner first owned the property on Jan. 1.<sup>105</sup> A person who acquired real property before the 2023 tax year is considered to have acquired the property on Jan. 1, 2023.<sup>106</sup>

A new improvement is an improvement to real property made after the property's most recent appraisal that increases the property's market value and was included in the property's appraised value in 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.<sup>107</sup>

A replacement structure for a structure rendered uninhabitable or unusable by a casualty or wind or water damage also does not qualify as a new improvement under certain circumstances.<sup>108</sup>

The circuit breaker limitation expires on Dec. 31, 2026.<sup>109</sup>

## Notice of Appraised Value

Texas law requires appraisal districts to provide property owners a notice of a revaluation of their property and a reasonable estimate of the amount of taxes imposed on property had the total amount of property taxes for the subdivision not increased.<sup>110</sup> Chief appraisers must 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.<sup>111</sup>

Chief appraisers must send this notice of appraised value 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 property type.<sup>112</sup>

The notice must contain the following information:

- a list of the taxing units in which the property is taxable;
- the property's appraised value in the preceding year;
- the property's taxable value in the preceding year for each taxing unit that taxes the property;
- the property's appraised value for the current year;
- the kind and amount of each exemption, if any, approved for the prior and current year;<sup>113</sup>

<sup>100</sup> Tex. Tax Code §23.23(c)

<sup>101</sup> Tex. Tax Code §23.231(d)

<sup>102</sup> Tex. Tax Code §23.231(b)

<sup>103</sup> Tex. Tax Code §23.231(j)

<sup>104</sup> Tex. Tax Code §23.231(c)

<sup>105</sup> Tex. Tax Code §23.231(f)

<sup>106</sup> Tex. Tax Code §23.231(g)

<sup>107</sup> Tex. Tax Code §23.231(a)(3)

<sup>108</sup> Tex. Tax Code §23.231(h)

<sup>109</sup> Tex. Tax Code §23.231(k)

<sup>110</sup> Tex. Const. art. VIII §21(c) and Tex. Tax Code §25.19

<sup>111</sup> Tex. Tax Code §25.19(a)(1)-(4)

<sup>112</sup> Tex. Tax Code §25.19(a)

<sup>113</sup> Tex. Tax Code §25.19(b)(1)-(4)

- if an approved total or partial exemption for the preceding year was canceled or reduced for the current year, the notice must include the amount of the canceled or reduced exemptions;<sup>114</sup> and
- a statement on whether the property qualifies for the circuit breaker limitation on appraised value.<sup>115</sup>

The notice 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.*<sup>116</sup>

The notice must provide a detailed explanation of the time and procedure for protesting the value; the date and place the ARB will hear protests; an explanation of the availability and purpose of an informal conference with the appraisal office before a protest hearing; and a brief explanation noting that each taxing unit governing body decides whether or not taxes on the property will increase and that the appraisal district determines the property's value.<sup>117</sup> The notice must include specific information based on property type,<sup>118</sup> and include the notice required by Tax Code Section 26.04(e-2).<sup>119</sup>

Appraisal districts are free to develop their own notice, but it must include all the information required by the Tax Code.<sup>120</sup> 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.<sup>121</sup>

## Exemptions

Texas allows a variety of tax exemptions for qualifying property and property owners. An exemption removes all or part of the property's value from taxation, which lowers the tax bill. For example, if a home is valued at \$300,000 and the property owner qualifies for a \$100,000 residence homestead exemption, he or she pays taxes on the home as if it were worth \$200,000.

Texas law allows two types of property tax exemptions: partial or total. A partial exemption removes a percentage or a fixed dollar amount of a property's value from taxation. A total exemption excludes the entire property's appraised value from taxation.

The state requires taxing units to provide certain exemptions with the option to decide locally on whether to offer other exemptions. 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 must apply for exemptions in most circumstances.<sup>122</sup> The general deadline for filing an exemption application is before May 1.<sup>123</sup> 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.<sup>124</sup> Some property owners may late-file residence homestead exemption applications under certain circumstances, as indicated below:

- A property owner may file a residence homestead exemption application, including an age 65 or older or disabled exemption application, up to two years after the date the taxes on the property become delinquent.<sup>125</sup>
- A disabled veteran may file a 100 percent or totally disabled veteran exemption application or a donated residence homestead of a partially disabled veteran exemption application and a property owner may file a disabled veteran exemption application up to five years after the date the taxes on the property become delinquent.<sup>126</sup>

If the chief appraiser grants a late-filed homestead exemption, the property owner will receive a new tax bill with a lower amount. If the property owner has already paid the taxes, the collector will issue a refund.<sup>127</sup>

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

<sup>114</sup> Tex. Tax Code §25.19(b)(4)

<sup>115</sup> Tex. Tax Code §25.19(4-a)

<sup>116</sup> Tex. Tax Code §25.19(b)(5)

<sup>117</sup> Tex. Tax Code §25.19(b)(6)-(9)

<sup>118</sup> Tex. Tax Code §25.19

<sup>119</sup> Tex. Tax Code §25.19(1-1)

<sup>120</sup> Tex. Tax Code §25.19

<sup>121</sup> Tex. Tax Code §25.19(e)

<sup>122</sup> Tex. Tax Code §11.43(a)

<sup>123</sup> Tex. Tax Code §11.43(d)

<sup>124</sup> Tex. Tax Code §11.43(e)

<sup>125</sup> Tex. Tax Code §11.431(a)

<sup>126</sup> Tex. Tax Code §11.439(a)

<sup>127</sup> Tex. Tax Code §11.431(b)



- If a property owner moves to a new home, he or she must complete a new application to receive most exemptions and to transfer any tax ceiling.<sup>128</sup>
- A property owner who becomes disabled may file a new application the year he or she becomes disabled to receive more exemptions.<sup>129</sup>
- A property owner may file for the 100 percent or totally disabled veteran or the surviving spouse exemption in the middle of the year on a new residence homestead for the remaining part of the year.<sup>130</sup>

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.<sup>131</sup>

**Exhibit 5** shows the steps to file a residence homestead exemption application.

#### **EXHIBIT 5** **How to File a Residence** **Homestead Exemption Application**

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.<sup>132</sup>
3. Provide all requested information and documentation. For example, if a property owner claims an age 65 or older or disabled exemption, they may need proof of age or disability. Remember that making false statements on the exemption application is a criminal offense.<sup>133</sup>
4. If the chief appraiser mails a written request for more information, the property owner has 30 days from the postmark date to reply.<sup>134</sup>
5. The chief appraiser must notify a property owner in writing within five days if they deny or modify an exemption. This notice must explain how the property owner can protest the denial or modification before the ARB. Additional notice requirements exist before a chief appraiser can cancel an exemption for an owner who is age 65 or older.<sup>135</sup>

<sup>128</sup> Tex. Tax Code §§11.43(a), 11.26 and 11.261

<sup>129</sup> Tex. Tax Code §§11.42(c) and 11.43(k)

<sup>130</sup> Tex. Tax Code §11.42(e)

<sup>131</sup> Tex. Tax Code §11.43(r)

<sup>132</sup> Tex. Tax Code §11.43(d)

<sup>133</sup> Tex. Tax Code §11.43(d) and (f)

<sup>134</sup> Tex. Tax Code §11.45(b)

<sup>135</sup> Tex. Tax Code §§11.43 and 11.45

### **Residence Homestead Exemptions**

To qualify for residence homestead exemptions, the property owner must own and occupy the home as their principal residence.<sup>136</sup> Residence homestead exemptions may apply to the entire tax year or be prorated depending on the exemption type.<sup>137</sup> The residence can be a house, condominium or manufactured home if the property owner owns the improvement.<sup>138</sup> A residence homestead generally includes the land, not to exceed 20 acres, so long as the owner holds an ownership interest in the land upon which it sits.<sup>139</sup> Generally, a property owner may not receive a residence homestead exemption for more than one property in the same year.<sup>140</sup>

An heir property owner not specifically identified as the property owner in the property records may qualify for a residence homestead exemption.<sup>141</sup> Heir property is real 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.<sup>142</sup>

If a property owner moves away, the property owner can still receive an exemption if the owner intends to return within two years and does not establish another principal residence.<sup>143</sup> An absence from 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.<sup>144</sup>

### **General Residence Homestead**

To qualify for the general residence homestead exemption, the owner must have an ownership interest in the property and use 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.<sup>145</sup> A person who acquires property after Jan. 1 may receive the residence homestead exemption for the applicable portion of the year, he or she owns the property if the previous owner did not have a residence homestead exemption for that year.<sup>146</sup>

<sup>136</sup> Tex. Tax Code §11.13(j)(1)

<sup>137</sup> Tex. Tax Code §11.42

<sup>138</sup> Tex. Tax Code §§11.13(j)(1) and 11.432

<sup>139</sup> Tex. Tax Code §§11.13(j)(1), 11.432(b) and (c)

<sup>140</sup> Tex. Tax Code §11.13(h)

<sup>141</sup> Tex. Tax Code §11.43(o)

<sup>142</sup> Tex. Tax Code §1.04(20) and (21)

<sup>143</sup> Tex. Tax Code §11.13(l)(1)

<sup>144</sup> Tex. Tax Code §11.13(l)(2)

<sup>145</sup> Tex. Tax Code §§11.13(j)(1) and 11.43(j)

<sup>146</sup> Tex. Tax Code §11.42(f)

Texas law requires school districts to offer a \$100,000 residence homestead exemption.<sup>147</sup> Any taxing unit, including a city, county, school district or special purpose district, has the option to decide 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.<sup>148</sup> For example, if a city offers a 20 percent exemption on a residence homestead valued at \$20,000, 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.<sup>149</sup> Taxing units add this exemption to any other residence homestead exemption for which a property owner qualifies.<sup>150</sup> Counties must also provide a \$3,000 exemption if the county collects farm-to-market roads or flood control taxes.<sup>151</sup>

Joint, community or successive owners may not receive the same exemption for the same residence in the same year.<sup>152</sup>

### **Persons Age 65 or Older or Disabled**

School districts must provide an additional \$10,000 residence homestead exemption to persons age 65 or older or disabled.<sup>153</sup> This exemption applies as of Jan. 1 of the year in which the property owner becomes age 65 or disabled.<sup>154</sup>

To qualify for the age 65 or older residence homestead exemption, a property owner must be age 65 or older, have an ownership interest in the property and live in the home as their principal residence.<sup>155</sup>

To qualify for the disabled person residence homestead exemption, a property owner must meet the definition of disabled to receive disability insurance benefits under the Federal Old-Age, Survivors and Disability Insurance Act.<sup>156</sup>

If a property owner qualifies for both the age 65 or older and disabled exemptions for a school district, the property owner must choose only one. Texas law prohibits a property owner from receiving both.<sup>157</sup>

Any taxing unit, including a city, county, school district or special purpose district, has the option to decide locally to offer an additional exemption of at least \$3,000 for homeowners age 65 or older or disabled.<sup>158</sup>

If a property owner does not claim another residence in the same year, the property owner will receive the age 65 or older or disabled exemption for the entire year.<sup>159</sup> If the property owner claims another residence during the same year, the property owner no longer qualifies for the exemption on the first home for the remaining portion of that year.<sup>160</sup> 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.<sup>161</sup>

An eligible disabled person age 65 or older may receive both optional exemptions in the same year but not from the same taxing units.<sup>162</sup> 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 taxation. A surviving spouse or surviving child may also qualify for an exemption.<sup>163</sup>

### **Partial Exemptions**

Texas law provides partial exemptions for any property owned by disabled veterans and their surviving spouses and children.<sup>164</sup> The exemption amount is determined according to the percentage of service-connected disability, as shown in **Exhibit 6**.<sup>165</sup>

**EXHIBIT 6**  
**Disabled Veteran Partial Exemption**

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

<sup>147</sup> Tex. Tax Code §11.13(b)

<sup>148</sup> Tex. Tax Code §11.13(n)

<sup>149</sup> Tex. Tax Code §11.13(n)

<sup>150</sup> Tex. Tax Code §11.13(n)

<sup>151</sup> Tex. Const. art. VIII §1-a and Tex. Tax Code §11.13(a)

<sup>152</sup> Tex. Tax Code §11.13(h)

<sup>153</sup> Tex. Tax Code §11.13(c)

<sup>154</sup> Tex. Tax Code §11.42(c)

<sup>155</sup> Tex. Tax Code §11.13(c)

<sup>156</sup> Tex. Tax Code §11.13(m)(1)

<sup>157</sup> Tex. Const. art. VIII §1-b(c)

<sup>158</sup> Tex. Tax Code §11.13(d)

<sup>159</sup> Tex. Tax Code §11.42(c)

<sup>160</sup> Tex. Tax Code §§11.13(h) and 26.10(b)

<sup>161</sup> Tex. Tax Code §26.10(b)

<sup>162</sup> Tex. Tax Code §11.13(h)

<sup>163</sup> Tex. Tax Code §§11.131, 11.132, 11.133 and 11.22

<sup>164</sup> Tex. Tax Code §11.22

<sup>165</sup> Tex. Tax Code §11.22(a)

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

- 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.<sup>166</sup>

If a disabled veteran who is entitled to an exemption dies, the surviving spouse is entitled to the same exemption as long as the surviving spouse remains unmarried.<sup>167</sup> 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.<sup>168</sup>

The surviving spouse of a member of the U.S. armed services who died while on active duty can claim an exemption of \$5,000 from the property's assessed value the spouse owns and designates.<sup>169</sup>

Each of the deceased armed services member's surviving children younger than 18 and unmarried can also claim an exemption. Taxing units calculate this exemption by dividing \$5,000 by the number of eligible children.<sup>170</sup>

A separate partial exemption is available for residence homesteads donated to disabled veterans by charitable organizations, which extends to surviving spouses who have not remarried.<sup>171</sup>

The deadline for filing for the partial disabled veteran exemptions is April 30 and applies to all property types. An application for a disabled veteran exemption may be filed up to five years after the delinquency date of the taxes on the property. A disabled veteran may file a late application for a donated residence homestead of a partially disabled veteran exemption up to five years after the delinquency date and a surviving spouse may file a late application for this exemption up to two years after the delinquency date of the taxes on the property.<sup>172</sup>

### Total Exemptions

A disabled veteran awarded 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. Department of Veterans Affairs is entitled to an exemption of his or her residence homestead's total appraised value.<sup>173</sup> 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 ceases to qualify within a tax year, the chief appraiser removes the exemption for that portion of the year.<sup>174</sup>

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 had been in effect at the time of the veteran's death.<sup>175</sup> To be entitled to this exemption, the surviving spouse must not have remarried, the property was the surviving spouse's residence homestead when the veteran died, and the property remains the surviving spouse's residence homestead.<sup>176</sup>

A disabled veteran may file a late application for a 100 percent disabled veteran residence homestead exemption up to five years after the delinquency date, and a surviving spouse may file a late application for this exemption up to two years after the delinquency date of the taxes on the property.<sup>177</sup>

### Surviving Spouses

A surviving spouse of a member of the U.S. armed services killed or fatally injured in the line of duty is allowed a total property tax exemption on his or her residence homestead if he or she has not remarried since the armed services member's death.<sup>178</sup>

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.<sup>179</sup>

If a surviving spouse qualifies for one of these exemptions, he or she is entitled to an exemption on a property that the surviving spouse subsequently qualifies as a residence homestead in the same dollar amount of the tax exemption on the former residence homestead. The chief appraiser of the

<sup>166</sup> Tex. Tax Code §11.22(b)

<sup>167</sup> Tex. Tax Code §11.22(c)

<sup>168</sup> Tex. Tax Code §11.22(c)

<sup>169</sup> Tex. Tax Code §11.22(d)(1)

<sup>170</sup> Tex. Tax Code §11.22(d)(2)

<sup>171</sup> Tex. Tax Code §11.132

<sup>172</sup> Tex. Tax Code §11.439

<sup>173</sup> Tex. Tax Code §11.131(b)

<sup>174</sup> Tex. Tax Code §11.42(e)

<sup>175</sup> Tex. Tax Code §11.131(c)

<sup>176</sup> Tex. Tax Code §11.131

<sup>177</sup> Tex. Tax Code §11.439

<sup>178</sup> Tex. Tax Code §11.133(b)

<sup>179</sup> Tex. Tax Code §11.134



county in which the former residence was located must provide the surviving spouse a written certificate so the chief appraiser can determine the exemption amount on the subsequent qualified homestead.<sup>180</sup>

### **Temporary Exemption Property Damaged by Disaster**

Property located in a governor-declared disaster area that is at least 15 percent damaged by the disaster is eligible for a temporary exemption from property taxation.<sup>181</sup> The appraisal district bases the exemption amount on a damage assessment rating of the physical damage to the property as determined by Tax Code Section 11.35(h).<sup>182</sup>

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

### **Tax Ceiling (Freeze)**

An age 65 or older or disabled property owner's residence homestead exemption qualifies the property owner for a tax ceiling on school district taxes; that is, the amount of school district taxes the property owner pays cannot increase as long as he or she owns and lives in the home.<sup>183</sup> The appraisal district sets the tax ceiling at the amount paid in the year the property owner qualified for the age 65 or older or disabled exemption.<sup>184</sup> If the calculated school district taxes in any given year fall below the tax ceiling, the property owner will pay the lower amount.<sup>185</sup> The tax ceiling cannot expire if the home is made uninhabitable or if the property owner transfers the interest to a trust and continues to live in the home as his or her residence homestead.<sup>186</sup>

A tax ceiling can be increased if a home is improved unless the improvements are for routine repairs and maintenance or for a home built to replace one made uninhabitable and the replacement structure meets specific criteria.<sup>187</sup> For example, if a property owner adds a garage or a room to the existing home, the tax ceiling will be increased to account for the new improvement's value.

A tax ceiling may change if the property owner moves to another home.<sup>188</sup> If a property owner buys another home in Texas, the property owner may transfer the percentage of school tax paid based on the former home's school tax ceiling to the new home.<sup>189</sup> 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 taxes on the new home are \$1,000, the new school tax ceiling is \$250, or 25 percent of \$1,000.

When a property owner receiving the age 65 or older or disabled homestead exemption and tax ceiling dies, the tax ceiling transfers to the surviving spouse as long as the surviving spouse is age 55 or older and the residence homestead was the surviving spouse's homestead on the date of the spouse's death.<sup>190</sup> If the property owner dies in the year of his or her 65th birthday but has not applied for the age 65 or older exemption, the surviving spouse may qualify for the tax ceiling.<sup>191</sup> The tax ceiling remains in effect for as long as the survivor owns and lives in the home.<sup>192</sup> If a surviving spouse 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.<sup>193</sup>

A county, city or junior college district may freeze or limit a property owner's taxes by adopting a tax ceiling.<sup>194</sup> The ceiling goes into effect after the taxing unit adopts the limitation and the property owner qualifies for the homestead.<sup>195</sup> If a property owner purchases another home in the same county, city or junior college, the property owner may transfer the former tax ceiling percentage to the new home.<sup>196</sup> 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.<sup>197</sup>

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 the surviving spouse is disabled or age 55 or older at the spouse's death and the residence

<sup>180</sup> Tex. Tax Code §§11.133(c) and 11.134(d)

<sup>181</sup> Tex. Tax Code §11.35(b)

<sup>182</sup> Tex. Tax Code §11.35(b) and (h)

<sup>183</sup> Tex. Tax Code §11.26(a)

<sup>184</sup> Tex. Tax Code §11.26(a)

<sup>185</sup> Tex. Tax Code §11.26(a)

<sup>186</sup> Tex. Tax Code §11.26(f) and (n)

<sup>187</sup> Tex. Tax Code §11.26(b) and (o)

<sup>188</sup> Tex. Tax Code §11.26(g)

<sup>189</sup> Tex. Tax Code §11.26(g)

<sup>190</sup> Tex. Tax Code §11.26(i)

<sup>191</sup> Tex. Tax Code §11.26(j)

<sup>192</sup> Tex. Tax Code §11.26(i)(2)(B)

<sup>193</sup> Tex. Tax Code §11.26(g)

<sup>194</sup> Tex. Const. art. VIII §1-b(h) and Tex. Tax Code §11.261(a)

<sup>195</sup> Tex. Tax Code §11.261(b)

<sup>196</sup> Tex. Tax Code §11.261(g)

<sup>197</sup> Tex. Tax Code §11.261(h)

homestead was the surviving spouse's residence on the date of death and remains the surviving spouse's homestead.<sup>198</sup>

## Agricultural (Ag) Appraisal

If land qualifies for agricultural appraisal, commonly referred to as ag appraisal or ag land, it typically lowers a property's taxable value. The chief appraiser bases the appraised value of qualified agricultural land on the land's capacity to produce agricultural products, including timber, rather than its market value, which often is higher.<sup>199</sup> This appraisal method usually results in a lower taxable value for the land and a reduced property tax bill.

Two different provisions of the Texas Constitution address qualifications for agricultural appraisal. Texas Constitution, Article VIII, Section 1-d, also known as 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 agricultural appraisal falls under Texas Constitution, Article VIII, Section 1-d-1, also known as open-space land, as described below.

Property owners must apply for special agricultural appraisal.<sup>200</sup> The deadline for applying is before May 1, but the chief appraiser may extend the filing deadline for good cause.<sup>201</sup> If a property owner fails to apply on time, the land is ineligible for special agricultural appraisal for that year.<sup>202</sup>

**Exhibit 7** shows the steps to file an application for agricultural appraisal.

### Open-Space Land Appraisal

**Typically, land must be currently devoted principally to agricultural use to the degree of intensity generally accepted in the area to qualify for open-space appraisal.**<sup>203</sup>

Agricultural 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 to produce tangible products having a commercial value; and
- planting cover crops or leaving land idle for participation in a government program or in conjunction with normal crop or livestock rotation procedure.

#### EXHIBIT 7

### How to File an Application for Agricultural Appraisal

1. Obtain an application at the local appraisal district office.<sup>204</sup>
2. Complete and return the application to the appraisal district office after Jan. 1, but no later than April 30.<sup>205</sup> Remember that falsifying statements on the application is a criminal offense.<sup>206</sup>
3. If a property owner needs more time 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 to complete the application if the property owner has a good reason for needing extra time.<sup>207</sup>
4. If a property owner misses the April 30 deadline, the property owner may file a late application any time before the ARB approves the appraisal records,<sup>208</sup> usually on or about July 20.<sup>209</sup> A property owner is charged a penalty for late filing equal to 10 percent of the tax savings obtained through receiving agricultural appraisal for the land.<sup>210</sup> After the ARB approves the records, a property owner can no longer apply for agricultural appraisal for that year.<sup>211</sup>
5. If the chief appraiser requests more information, a property owner has 30 days to reply.<sup>212</sup> A property owner may ask for more time not to exceed 15 days but must have a good reason.<sup>213</sup> If a property owner does not reply, the chief appraiser denies the application.<sup>214</sup>
6. If the chief appraiser denies an application for agricultural appraisal, the chief appraiser must notify the property owner in writing within five days.<sup>215</sup> This notice must explain how the property owner can protest to the ARB and provide a full explanation of the reasons for the denial.<sup>216</sup> The appraisal district must send this notice by certified mail.<sup>217</sup>
7. Once a property owner receives an agricultural appraisal, the property owner does not have to apply again in succeeding years unless qualifications change or ownership changes.<sup>218</sup>

<sup>198</sup> Tex. Tax Code §11.261(i)

<sup>199</sup> Tex. Tax Code §23.52(a)

<sup>200</sup> Tex. Tax Code §23.54(a)

<sup>201</sup> Tex. Tax Code §23.54(d)

<sup>202</sup> Tex. Tax Code §23.54(e)

<sup>203</sup> Tex. Tax Code §23.51(1)

<sup>204</sup> Tex. Tax Code §23.54(b)

<sup>205</sup> Tex. Tax Code §23.54(d)

<sup>206</sup> Tex. Penal Code §37.10

<sup>207</sup> Tex. Tax Code §23.54(d)

<sup>208</sup> Tex. Tax Code §23.541(a)

<sup>209</sup> Tex. Tax Code §41.12(a)

<sup>210</sup> Tex. Tax Code §23.541(b)

<sup>211</sup> Tex. Tax Code §23.541(a)

<sup>212</sup> Tex. Tax Code §23.57(b)

<sup>213</sup> Tex. Tax Code §23.57(b)

<sup>214</sup> Tex. Tax Code §23.57(b)

<sup>215</sup> Tex. Tax Code §23.57(d)

<sup>216</sup> Tex. Tax Code §23.57(d)

<sup>217</sup> Tex. Tax Code §1.07(d)

<sup>218</sup> Tex. Tax Code §23.54(e)

8. The chief appraiser may request a new application to verify that the property still meets the qualifications for special agricultural appraisal.<sup>219</sup> Failure to respond to the chief appraiser's request may result in a determination that the property is no longer eligible and a notice to the owner of this determination. Before the chief appraiser determines a change of use has occurred for an existing agricultural appraisal on property owned by someone age 65 years or older, they must follow additional written notice procedures.<sup>220</sup>

9. If a property owner purchases land that qualified for special appraisal under the previous owner, the new owner must apply in his or her name. If not, the chief appraiser may deem the land ineligible for agricultural appraisal. The property owner must notify the appraisal district in writing by April 30 if the land's eligibility changes.<sup>221</sup> Failure to do so may result in imposition of a penalty equal to 10 percent of the difference between the taxes imposed under the special appraisal and the taxes that would have been imposed had the agricultural appraisal not been in place.<sup>222</sup>

- producing or harvesting logs and posts for constructing or repairing fences, pens, barns or other agricultural improvements on adjacent qualified open-space land devoted to a different agricultural use;
- wildlife management; and
- raising or keeping bees for pollination or the production of human food or other commercial products.<sup>223</sup>

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

1. The property is land, which includes all appurtenances (not improvements).<sup>224</sup>
2. The land must be currently devoted principally to agricultural use or wildlife management to the degree of intensity generally accepted in the area.<sup>225</sup>
3. The land must have been devoted principally to agricultural use or production of timber or forest products for five of the preceding seven years.<sup>226</sup> Land used for wildlife management may qualify if previously designated as open-space or timber land except as provided.<sup>227</sup>

<sup>219</sup> Tex. Tax Code §23.54(e)

<sup>220</sup> Tex. Tax Code §23.551

<sup>221</sup> Tex. Tax Code §23.54(h)

<sup>222</sup> Tex. Tax Code §23.54(h)

<sup>223</sup> Tex. Tax Code §23.51(2)

<sup>224</sup> Tex. Tax Code §23.51(1)

<sup>225</sup> Tex. Tax Code §23.51(1)

<sup>226</sup> Tex. Tax Code §23.51(1)

<sup>227</sup> Tex. Tax Code §23.51(1) and (7)

The property owner must apply using the proper form with the information necessary for the appraisal district to determine the claim's validity.<sup>228</sup>

The eligibility of open-space land does not end during a temporary cessation of agricultural use under the following circumstances.

- A governor-declared drought creates a necessity to extend the normal time the land remains out of agricultural production.
- The owner is deployed or stationed outside of this state as a member of the U.S. armed services.
- 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.<sup>229</sup>

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.<sup>230</sup>

### ***Open-Space Land Inside a City or Town***

**Generally, open-space land inside a city or town may not qualify for agricultural appraisal.<sup>231</sup>**

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 offered in other parts of the city or town having similar features and population.
- The land must have been devoted principally to agricultural use continuously for the preceding five years.
- The land has been devoted principally to agricultural use or the production of timber or forest products continuously for the preceding five years and the land is used for wildlife management.<sup>232</sup>

<sup>228</sup> Tex. Tax Code §23.54(a) and (b)

<sup>229</sup> Tex. Tax Code §§23.522, 23.523 and 23.525

<sup>230</sup> Tex. Tax Code §23.525

<sup>231</sup> Tex. Tax Code §23.56

<sup>232</sup> Tex. Tax Code §23.56(1)

---

## Change of Land Use

If the land qualified as open-space land and the property owner changes the land's use to a non-agricultural purpose, the property owner will owe a rollback tax for each of the previous three years in which the land received the lower appraisal.<sup>233</sup> Land qualified for agricultural appraisal under Texas Constitution, Article VIII, Section 1-d, will incur interest in addition to the rollback tax.<sup>234</sup>

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).<sup>235</sup> Exceptions to the rollback tax for change of use may include the following if they meet certain criteria:

- a sale for right-of-way;<sup>236</sup>
- a condemnation;<sup>237</sup>
- land transferred to a state, political subdivision or qualified nonprofit corporation using the land for a public purpose;<sup>238</sup>
- land transferred from a state, political subdivision or qualified nonprofit corporation to an individual or entity for purposes of economic development;<sup>239</sup>
- timberland;<sup>240</sup>
- cemeteries;<sup>241</sup>
- religious organizations;<sup>242</sup>
- certain charitable organizations;<sup>243</sup> and
- schools.<sup>244</sup>

The chief appraiser determines whether a change of use has occurred and must send the property owner a notice of the change by certified mail.<sup>245</sup> Additional notice requirements exist if the property owner is age 65 or older.<sup>246</sup>

For more information about the special appraisal of agricultural 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.

---

<sup>233</sup> Tex. Tax Code §23.55(a)

<sup>234</sup> Tex. Tax Code §23.46(c)

<sup>235</sup> Tex. Tax Code §23.55(a)

<sup>236</sup> Tex. Tax Code §23.55(f)

<sup>237</sup> Tex. Tax Code §23.55(f)

<sup>238</sup> Tex. Tax Code §23.55(f)

<sup>239</sup> Tex. Tax Code §23.55(f)

<sup>240</sup> Tex. Tax Code §23.55(g)

<sup>241</sup> Tex. Tax Code §23.55(j)

<sup>242</sup> Tex. Tax Code §23.55(l)

<sup>243</sup> Tex. Tax Code §23.55(o) and (p)

<sup>244</sup> Tex. Tax Code §23.55(q)

<sup>245</sup> Tex. Tax Code §§1.07(d) and 23.55(e)

<sup>246</sup> 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 an ARB protest.<sup>247</sup>

During the equalization phase, property owners may present objections about the property's value, exemptions and special appraisal in an ARB hearing.<sup>248</sup> The ARB is an impartial panel of fellow citizens authorized to resolve certain disputes between the property owner and the appraisal district.<sup>249</sup> After listening to the property owner and the chief appraiser, the ARB makes a written determination on the issues presented during the hearing.<sup>250</sup>

Through June 2024, the local administrative judge appoints ARB members.<sup>251</sup> Beginning July 1, 2024, the appraisal district board of directors will appoint ARB members in populous counties.<sup>252</sup> The local administrative district judge will continue to appoint ARB members in less populous counties.<sup>253</sup>

ARB members must be residents of the appraisal district for at least two years.<sup>254</sup> Current officers and employees of the appraisal district, taxing units and the Comptroller's office may not serve.<sup>255</sup> In counties with populations of more than 120,000, former appraisal district directors, officers and employees cannot serve on an ARB.<sup>256</sup> Other specific Tax Code restrictions apply.

ARB members must comply with special state laws on conflict of interest,<sup>257</sup> complete training courses and receive certificates of course completion from the Comptroller's

office,<sup>258</sup> and complete a statement indicating agreement to comply with Tax Code requirements during hearings.<sup>259</sup>

ARB hearings are open to the public;<sup>260</sup> 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.<sup>261</sup> The ARB must develop and adopt hearing procedures and post the procedures in a prominent place in the room in which the hearings are held as well as on the appraisal district's website.<sup>262</sup> The chief appraiser must publicize annually the right to and methods for ARB protests in a manner designed to effectively notify all appraisal district residents.<sup>263</sup>

The usual deadline for filing protests is May 15 or 30 days after the date the notice of appraised value is delivered, whichever is later.<sup>264</sup> The filing deadline is postponed until the next business day if the deadline falls on a Saturday, Sunday or legal state or national holiday.<sup>265</sup> Other specific circumstances may extend this deadline.<sup>266</sup> **Exhibit 8** gives the steps for filing a protest.

The ARB generally begins hearing protests from property owners after May 15 and must complete most hearings by July 20.<sup>267</sup> Some larger counties may extend this deadline to a later date.<sup>268</sup> When the ARB finishes its work, the appraisal district gives each taxing unit a list of taxable property, called a certified appraisal roll.<sup>269</sup>

Appraisal districts must offer to meet with the property owner at an informal conference to discuss the protest to try to resolve any concerns. A property owner may request an informal conference with the appraisal district on their notice of protest form or before their ARB hearing.<sup>270</sup>

<sup>247</sup> Tex. Tax Code §5.041(f)

<sup>248</sup> Tex. Tax Code §41.41(a)

<sup>249</sup> Tex. Tax Code §41.01(a)

<sup>250</sup> Tex. Tax Code §41.47(a)

<sup>251</sup> Tex. Tax Code §6.41(d)

<sup>252</sup> Tex. Tax Code §6.41(d) as amended by Acts 2023, 88th Leg., 2nd C.S., Ch. 1 (S.B. 2), Sec. 5.09, effective July 1, 2024.

<sup>253</sup> Tex. Tax Code §6.41(d) as amended by Acts 2023, 88th Leg., 2nd C.S., Ch. 1 (S.B. 2), Sec. 5.09, effective July 1, 2024.

<sup>254</sup> Tex. Tax Code §6.41(c)

<sup>255</sup> Tex. Tax Code §6.412(c)

<sup>256</sup> Tex. Tax Code §6.412(d)

<sup>257</sup> Tex. Tax Code §§6.412, 6.413 and 41.69

<sup>258</sup> Tex. Tax Code §5.041(b) and (e-2)

<sup>259</sup> Tex. Tax Code §5.041(b-1) and (e-2)

<sup>260</sup> Tex. Tax Code §41.66(d)

<sup>261</sup> Tex. Tax Code §41.66(d-1)

<sup>262</sup> Tex. Tax Code §41.01(e)

<sup>263</sup> Tex. Tax Code §§41.41(b) and 41.70

<sup>264</sup> Tex. Tax Code §41.44(a)(1)

<sup>265</sup> Tex. Tax Code §1.06

<sup>266</sup> Tex. Tax Code §41.44(b), (c), (c-1) and (c-2)

<sup>267</sup> Tex. Tax Code §41.12(a)

<sup>268</sup> Tex. Tax Code §41.12(c)

<sup>269</sup> Tex. Tax Code §26.01(a)

<sup>270</sup> Tex. Tax Code §41.445



## EXHIBIT 8

### How to File a Protest

1. A property owner must file the protest in writing.<sup>271</sup> 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.<sup>272</sup>
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.<sup>273</sup> A property owner working offshore on a drilling or production facility or a boat<sup>274</sup> or a property owner on full-time active duty outside the United States<sup>275</sup> 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 agricultural use, the property owner must file a protest within 30 days of the date the chief appraiser mailed the notice.<sup>276</sup> The chief appraiser sends this notice by certified mail or electronically if requested by the property owner.<sup>277</sup>
4. If a property owner files an untimely notice of protest before the ARB approves the appraisal records, the property owner is entitled to a hearing only if the board decides that the property owner had good reason for failing to meet the deadline.<sup>278</sup>
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.<sup>279</sup>
6. A property owner is entitled to an ARB hearing solely on the issue of whether one or more taxing units timely delivered a tax bill 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.<sup>280</sup>
7. In some cases, a property owner may file with the ARB to correct an error even after these deadlines.<sup>281</sup>

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;<sup>282</sup>
- receive and review comparable sales data and other evidence that the chief appraiser intends to use at the protest hearing electronically;<sup>283</sup>
- receive, as applicable, an electronic settlement offer from the appraisal district to correct the appraisal records by changing the property's market value and, if applicable, the appraised value, or a notice from the appraisal district that they will not offer a settlement to the property owner;<sup>284</sup> and
- accept or reject a settlement offer electronically.<sup>285</sup>

Appraisal districts are not required to offer this service 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.<sup>286</sup>

With the notice of appraised value, the chief appraiser must include information about the electronic system, including instructions for accessing and using it.<sup>287</sup> 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);<sup>288</sup>
- a statement of the property owner's good faith estimate of the property's value;<sup>289</sup> and
- an email address the appraisal district may use to communicate electronically with the property owner regarding the protest.<sup>290</sup>

If the property owner accepts the appraisal district's settlement offer, the chief appraiser must enter the settlement in the appraisal records.<sup>291</sup> If the property owner rejects a settlement offer, the ARB must hear and determine the protest.<sup>292</sup>

The property owner's email address is confidential and the appraisal district may not disclose it.<sup>293</sup>

<sup>271</sup> Tex. Tax Code §41.44(a)

<sup>272</sup> Tex. Tax Code §41.44(d)

<sup>273</sup> Tex. Tax Code §§1.07(c) and 41.44(a)

<sup>274</sup> Tex. Tax Code §41.44(c-1)

<sup>275</sup> Tex. Tax Code §41.44(c-2)

<sup>276</sup> Tex. Tax Code §§1.07(c) and 41.44(a)(4)

<sup>277</sup> Tex. Tax Code §1.07(d) and 1.085

<sup>278</sup> Tex. Tax Code §41.44(b)

<sup>279</sup> Tex. Tax Code §§41.411(c) and 41.4115(b)

<sup>280</sup> Tex. Tax Code §§41.4115(a) and 41.44(c-3)

<sup>281</sup> Tex. Tax Code §25.25

<sup>282</sup> Tex. Tax Code §41.415(b)(1)

<sup>283</sup> Tex. Tax Code §41.415(b)(2)

<sup>284</sup> Tex. Tax Code §41.415(b)(3)

<sup>285</sup> Tex. Tax Code §41.415(b)(4)

<sup>286</sup> Tex. Tax Code §41.415(g)

<sup>287</sup> Tex. Tax Code §41.415(c)

<sup>288</sup> Tex. Tax Code §41.415(d)(1)

<sup>289</sup> Tex. Tax Code §41.415(d)(2)

<sup>290</sup> Tex. Tax Code §41.415(d)(3)

<sup>291</sup> Tex. Tax Code §41.415(e)

<sup>292</sup> Tex. Tax Code §41.415(f)

<sup>293</sup> Tex. Tax Code §41.415(h)

## 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.<sup>294</sup> A property owner can protest any of the following:

- the property's value;<sup>295</sup>
- unequal appraisal;<sup>296</sup>
- denial of exemptions;<sup>297</sup>
- denial of circuit breaker limitation on appraised value for qualified real property;<sup>298</sup>
- denial or modification of a temporary disaster exemption or a damage assessment rating;<sup>299</sup>
- denial or change of special appraisal;<sup>300</sup>
- errors in the appraisal record;<sup>301</sup>
- failure to provide notice;<sup>302</sup> or
- any other adverse action of the appraisal district, chief appraiser or ARB.<sup>303</sup>

### Property Value

This protest is typically based on the property owner's opinion that the property's appraised value 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 property's condition. For example, if the appraisal district appraises a property at \$105,000, and the property owner presents evidence indicating that the market value is \$100,000, the ARB would be expected to lower the appraised value to \$100,000 because the \$105,000 value is above market value and excessive.

### Unequal Appraisal

An unequal appraisal protest is based on the property owner's opinion that the property's appraised value is unequal compared to the value of similar properties. The evidence presented for an unequal appraisal, including selecting comparable properties and applying appropriate adjustments must be based on generally accepted appraisal methods and

techniques.<sup>304</sup> ARBs must determine an unequal appraisal protest in favor of the property owner unless the appraisal district establishes that the appraisal ratio of the property subject to the protest is equal to or less than the median level of appraisal of a:

- reasonable and representative sample of other properties;
- sample of properties consisting of a reasonable number of comparable other properties; or
- reasonable number of comparable properties appropriately adjusted.<sup>305</sup>

The determination of an unequal appraisal protest generally focuses on three key issues:

1. Is the **number** of properties selected for the sample **reasonable**?<sup>306</sup>
2. Are each of the properties in the sample **comparable** to the subject property?<sup>307</sup>
3. Was each comparable property's **value appropriately adjusted** by reference to the subject property?<sup>308</sup>

### Denial of Exemptions

If the chief appraiser denies a residence homestead exemption, the property owner should obtain evidence that he or she owned the home and used it as the principal residence.<sup>309</sup> If the chief appraiser denies a residence homestead exemption for part of the land around the home, the property owner should show how much land is used as a residence.

Property owners denied an age 65 or older or disabled residence homestead exemption, disabled veteran exemption or other exemption, should become familiar with the exemption qualifications and address them specifically in the ARB protest.

### Denial of Circuit Breaker Limitation on Appraised Value for Real Property

A property owner may protest the denial of the circuit breaker limitation on appraised value for real property.<sup>310</sup> Property owners protesting the denial of the circuit breaker limitation

<sup>294</sup> Tex. Tax Code §41.41(a)

<sup>295</sup> Tex. Tax Code §41.41(a)(1)

<sup>296</sup> Tex. Tax Code §41.41(a)(2)

<sup>297</sup> Tex. Tax Code §41.41(a)(4)

<sup>298</sup> Tex. Tax Code §41.41(4-a)

<sup>299</sup> Tex. Tax Code §41.41(c)(1) and (2)

<sup>300</sup> Tex. Tax Code §41.41(a)(5) and (8)

<sup>301</sup> Tex. Tax Code §41.41(a)(3), (6) and (7)

<sup>302</sup> Tex. Tax Code §41.411(a)

<sup>303</sup> Tex. Tax Code §41.41(a)(9)

<sup>304</sup> Tex. Tax Code §23.01(f)

<sup>305</sup> Tex. Tax Code §41.43(b)

<sup>306</sup> *Sagmont Plaza v. Harris County Appraisal District*, 30 S.W.3d 425, 427 (Tex.App.— Corpus Christi, 2000, pet. denied)

<sup>307</sup> *Weingarten Realty Investors v. Harris County Appraisal District*, 93 S.W.3d 280 (Tex.App. — Houston [14th Dist.] 2002, no pet.)

<sup>308</sup> *Weingarten Realty Investors v. Harris County Appraisal District*, 93 S.W.3d 280 (Tex.App. — Houston [14th Dist.] 2002, no pet.)

<sup>309</sup> Tex. Tax Code §11.13(j)(1)

<sup>310</sup> Tex. Tax Code §41.41(4-a)

should become familiar with the ownership and property qualification requirements for the circuit breaker limitation as outlined in Tax Code Section 23.231(b) and (c). Property owners may want to present evidence that the property was owned on Jan. 1 of the prior tax year, that the property's appraised value in the current tax year is \$5 million or less, or that the property does not qualify as a residence homestead or for special appraisal.

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

A property owner may protest the modification or denial of a temporary disaster exemption.<sup>311</sup> A property must meet the following requirements under Tax Code Section 11.35(a) to qualify for a temporary disaster exemption:

- be in an area that the governor declared to be a disaster area following a disaster; and
- be at least 15 percent damaged by the disaster.<sup>312</sup>

A property owner may also protest the determination of the appropriate damage assessment rating for a property qualifying for a temporary disaster exemption.<sup>313</sup> The chief appraiser uses resources such as FEMA or the county emergency management authority to determine the disaster damage percentage and assigns a damage assessment rating of Level I, II, III or IV based on the physical damage sustained by the property.<sup>314</sup>

### **Denial or Change of Special Appraisal**

Property owners protesting the value of a farm or ranch qualified for special appraisal should find out how the appraisal district calculated the property's value and compare that information with that of other experts on agriculture, such as the county Texas A&M AgriLife Extension agent, the U.S. Department of Agriculture or other recognized agricultural sources. The Comptroller's *Manual for the Appraisal of Agricultural Land* also provides information about the general appraisal process for qualified agricultural land.

Special appraisal laws have specific requirements for the property to qualify. Property owners must provide evidence that the property is eligible for special appraisal based on its principal devotion to agricultural use, as well as the history and intensity of this use.<sup>315</sup>

Property owners that have taken only part of the land out of agricultural use may need to show which parts still qualify.<sup>316</sup> If the land has been idle, the property owner should show that the time out of agricultural use is reasonable and part of a typical crop or livestock rotation process for the county.<sup>317</sup>

### **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 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, the property owner may protest its value if the protest is filed before the deadline.<sup>318</sup>

The appraisal records may show a property located in one school district when it is in another. A property owner can protest the property's inclusion on the appraisal records if the property should be taxed at another location in Texas.<sup>319</sup>

### **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.<sup>320</sup>

A property owner who believes he or she is not timely receiving all tax notices, should contact the appraisal district to ensure that the appraisal district records correctly reflect the property owner's name 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.<sup>321</sup> Before the delinquency date, the property owner must pay a partial amount, usually the amount of taxes not in dispute.<sup>322</sup> A property owner may ask the ARB to be excused from prepaying taxes; to do so, the property owner 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 the ARB.<sup>323</sup> The ARB will hold a hearing and decide the terms or conditions of payment.<sup>324</sup>

<sup>311</sup> Tex. Tax Code §41.41(c)(1)

<sup>312</sup> Tex. Tax Code §11.35(a)

<sup>313</sup> Tex. Tax Code §41.41(c)(2)

<sup>314</sup> Tex. Tax Code §11.35(f) and (g)

<sup>315</sup> Tex. Tax Code Ch. 23, Subchs., C, D, E or H

<sup>316</sup> Tex. Tax Code §23.55(d)

<sup>317</sup> Tex. Tax Code §23.51(1) and (2)

<sup>318</sup> Tex. Tax Code §41.412(a)

<sup>319</sup> Tex. Tax Code §41.42

<sup>320</sup> Tex. Tax Code §41.411

<sup>321</sup> Tex. Tax Code §41.411(c)

<sup>322</sup> Tex. Tax Code §41.4115(b)

<sup>323</sup> Tex. Tax Code §41.4115(d)

<sup>324</sup> Tex. Tax Code §41.411(d)



---

## Any Other Adverse Actions

Property owners have the right to protest any appraisal district action that applies to and adversely affects them.<sup>325</sup> For example, the chief appraiser may claim the property was omitted from the appraisal roll and did not tax it in a previous year.<sup>326</sup> A property owner can protest only those actions affecting the property.<sup>327</sup>

## Hearing Notification

The ARB will notify a property owner at least 15 days before the hearing of the hearing date, time place and subject.<sup>328</sup> The property owner may wish to discuss the protest issue with the appraisal district before the hearing. At the property owner's request, the appraisal district must hold an informal conference to discuss the protest before the ARB hearing.<sup>329</sup> The property owner may be able to work out a satisfactory resolution with the appraisal district during the informal conference 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 *Taxpayer Assistance Pamphlet*;<sup>330</sup>
- a copy of the ARB procedures;<sup>331</sup> and
- a statement that the property owner is entitled to request a copy of the data, schedules, formulas and any other information the chief appraiser will introduce at the hearing.<sup>332</sup>

This information 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 authorized representative to handle specific duties.<sup>333</sup> Except in limited circumstances, to appoint an authorized representative, the property owner must provide that person with written authorization to represent them.<sup>334</sup> 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.<sup>335</sup> The property owner must sign the authorization; the authorized representative may not sign the form appointing him or herself. The form is not binding on the appraisal district until the property owner files it.<sup>336</sup>

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.<sup>337</sup> If a property owner does not provide an ending date, the authorized representative will continue to represent the property owner until the property owner or the designated representative files a statement ending the appointment or until the property owner appoints a new representative to act in the same capacity for the same property.<sup>338</sup>

Property owners are entitled to one postponement without showing good cause if they have not designated an authorized representative to represent the property owner before the ARB.<sup>339</sup> The ARB chair may grant additional postponements if the property owner can show good cause.<sup>340</sup> The Tax Code defines good cause as a reason that includes an error or mistake that was not intentional or 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.<sup>341</sup> The chief appraiser can also agree to a postponement.<sup>342</sup>

## Correction of Certain Errors Found After the Protest Filing Deadline

The chief appraiser may change the appraisal roll at any time to correct certain errors, including a name or address, an ownership determination, a property description, a clerical error or any inaccuracy prescribed by board rule that does not increase the amount of tax liability.<sup>343</sup>

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

---

<sup>325</sup> Tex. Tax Code §41.41(a)(9)

<sup>326</sup> Tex. Tax Code §25.21(a)

<sup>327</sup> Tex. Tax Code §41.41(a)

<sup>328</sup> Tex. Tax Code §41.46(a)

<sup>329</sup> Tex. Tax Code §41.445

<sup>330</sup> Tex. Tax Code §41.461(a)(1)

<sup>331</sup> Tex. Tax Code §41.461(a)(3)

<sup>332</sup> Tex. Tax Code §41.461(a)(2)

<sup>333</sup> Tex. Tax Code §1.111(b)

<sup>334</sup> Tex. Tax Code §1.111(b)

<sup>335</sup> Tex. Tax Code §1.111(b)

<sup>336</sup> Tex. Tax Code §1.111(b)

<sup>337</sup> Tex. Tax Code §1.111(c)

<sup>338</sup> Tex. Tax Code §1.111(c) and (d)

<sup>339</sup> Tex. Tax Code §41.45(e)

<sup>340</sup> Tex. Tax Code §41.45(e)

<sup>341</sup> Tex. Tax Code §41.45(e-2)

<sup>342</sup> Tex. Tax Code §41.45(e)

<sup>343</sup> Tex. Tax Code §25.25(b)

- 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 the appraisal roll shows property owned by a person who did not own the property on Jan. 1 of that tax year.<sup>344</sup>

For the current tax year, the ARB may grant a late hearing to correct certain over-appraisals;<sup>345</sup> to correct values based on a joint motion made by the property owner and the chief appraiser;<sup>346</sup> or to hear the protest if the appraisal district did not send the property owner a required notice.<sup>347</sup> Property owners must file a written motion requesting a late hearing before the taxes become delinquent on Feb. 1.<sup>348</sup>

A property owner may file a motion to correct if the property owner can show that the appraised value 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.<sup>349</sup> 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 property's appraised value must not have been established by agreement between the property owner or owner's authorized representative and the appraisal district.<sup>350</sup>

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.<sup>351</sup> 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.<sup>352</sup> 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.<sup>353</sup>

<sup>344</sup> Tex. Tax Code §§1.04(18) and 25.25(c)

<sup>345</sup> Tex. Tax Code §25.25(d)

<sup>346</sup> Tex. Tax Code §25.25(h)

<sup>347</sup> Tex. Tax Code §41.411(c)

<sup>348</sup> Tex. Tax Code §§25.25(d) and (h) and 41.411(c)

<sup>349</sup> Tex. Tax Code §25.25(d)

<sup>350</sup> Tex. Tax Code §25.25(d-1)

<sup>351</sup> Tex. Tax Code §25.25(d)

<sup>352</sup> Tex. Tax Code §25.25(d-1)

<sup>353</sup> Tex. Tax Code §25.25(h)

Before an ARB decision on a late hearing can occur, the property owner must pay some current taxes, usually those not in dispute.<sup>354</sup> The property owner may ask the ARB to excuse the property owner 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.<sup>355</sup>

If the property owner receives a value reduction in a late ARB hearing, the taxing units will refund the difference between the tax payment and the correct tax amount to the property owner who paid the taxes.<sup>356</sup>

## Protest Considerations

In deciding whether to file a protest, a property owner may want first to 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 resources are available 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,<sup>357</sup> the ARB must follow the written and adopted hearing procedures.<sup>358</sup> Property owners are entitled to expect ARBs to conduct hearings as described in the hearing procedures.<sup>359</sup>

<sup>354</sup> Tex. Tax Code §25.26(b)

<sup>355</sup> Tex. Tax Code §25.26(d)

<sup>356</sup> Tex. Tax Code §26.15(f)

<sup>357</sup> Tex. Tax Code §41.66(b)

<sup>358</sup> Tex. Tax Code §41.66(a)

<sup>359</sup> Tex. Tax Code §41.66(a)

---

### **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 four ways:

1. in person;
2. by affidavit, offering evidence or argument by affidavit without appearing in person;
3. by telephone conference call with argument and evidence offered by affidavit; or
4. by videoconference with argument and evidence offered by affidavit.<sup>360</sup>

A property owner must request a hearing by telephone conference or videoconference on the notice of protest or in writing at least 10 days before the scheduled hearing date.<sup>361</sup> A videoconference hearing may not be available in a county with a population of less than 100,000 if the ARB does not have the technological capability to offer one.<sup>362</sup>

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

ARB members must not communicate with the property owner or others about a property under protest outside of the hearing.<sup>363</sup> Each ARB member must sign an affidavit stating that he or she has not discussed the case with anyone.<sup>364</sup> An ARB member who discusses a case outside the hearing must remove him or herself from the hearing.<sup>365</sup> An ARB member who communicates on specific evidence, argument, facts or the merits of a protest with the chief appraiser, appraisal district staff, or a member of the appraisal district board of directors outside the hearing commits a Class A misdemeanor.<sup>366</sup> 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.<sup>367</sup>

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

Common courtesy dictates that a property owner is on time for an appointment. ARBs often hear hundreds or thousands

of protests. ARBs must be fair to everyone and strive to give each protester appropriate presentation time.<sup>368</sup> The ARB may place a time limit on hearings to hear every protest.<sup>369</sup>

### **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 property appraisal details or other protested concerns.

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

A property owner should stress critical facts related to the protest, writing them down in logical order and giving copies to each ARB member. A property owner must provide a written or electronic copy of his or her evidence to the appraisal district staff at or before the hearing.<sup>370</sup>

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

### **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. The Tax Code requires all parties at an ARB hearing to testify under oath.<sup>371</sup>

### **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.<sup>372</sup> If the chief appraiser fails to meet this burden of proof, the ARB must decide in the property owner's favor.<sup>373</sup>

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, and the property owner submits to the appraisal district a properly conducted, recently completed and certified property value appraisal made by a licensed appraiser at

---

<sup>360</sup> Tex. Tax Code §41.45(b)

<sup>361</sup> Tex. Tax Code §41.45(b-1)

<sup>362</sup> Tex. Tax Code §41.45(b-4)

<sup>363</sup> Tex. Tax Code §41.66(f)

<sup>364</sup> Tex. Tax Code §41.66(g)

<sup>365</sup> Tex. Tax Code §41.66(g)

<sup>366</sup> Tex. Tax Code §6.411(a) and (d)

<sup>367</sup> Tex. Tax Code §6.411(b) and (d)

<sup>368</sup> Tex. Tax Code §41.66(b)

<sup>369</sup> Tex. Tax Code §41.66(a)

<sup>370</sup> Tex. Tax Code §41.45(h)

<sup>371</sup> Tex. Tax Code §41.67(a)

<sup>372</sup> Tex. Tax Code §41.43(a)

<sup>373</sup> Tex. Tax Code §41.43(a)

least 14 days before the hearing.<sup>374</sup> In this case, the appraisal district has the burden of establishing the property's value by clear and convincing evidence.<sup>375</sup> If the appraisal district fails to do so, the ARB must rule in the property owner's favor.<sup>376</sup> The property owner's appraisal must meet specific statutory requirements to be valid.<sup>377</sup>

The appraisal district also has a burden of establishing the property's value by clear and convincing evidence presented at a hearing concerning value or unequal appraisal<sup>378</sup> if:

- the property's appraised value was lowered in the previous year by the ARB, an arbitrator or a district court;<sup>379</sup>
- a written agreement of the parties did not determine the property's appraised value in the preceding year;<sup>380</sup> 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, sufficient to allow a determination of the property's appraised or market value if the property owner filed a protest authorized under Tax Code Section 41.41(a)(1); or
  - (2) information sufficient to allow a determination of whether the property was appraised unequally if the property owner filed a protest authorized under Tax Code Section 41.41(a)(2).<sup>381</sup>

A property owner should ensure 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 measurements to contest the appraiser's decision.

Does the appraisal district's survey show all 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.

A property owner wanting to show that the appraisal district treated his or her property unequally should ask the appraisal district for appraisal records on similar properties in the area

to determine whether there is a significant difference in their values. Once the property owner has the records of comparable property values, they must make appropriate adjustments for issues such as size, location and condition.

A property owner wanting to show that the appraisal district appraised his or her property excessively should collect evidence on recent sales of similar properties from neighbors or real estate professionals. A property owner should also ask the appraisal district for the sales it used when appraising the property.

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, the property owner should:

- obtain documents or sworn statements from the person providing the sales information;
- use sales of properties similar in size, age, location and construction type;
- use recent sales — those occurring as close to Jan. 1 as possible are the best to compare to the property;<sup>382</sup> and
- provide photographs of the sold properties.

## Limited Binding Arbitration for Certain Procedural Requirements

A property owner who has filed a notice of protest and believes that the ARB or chief appraiser failed to comply with procedural requirements can request limited binding arbitration (LBA) to compel the ARB or chief appraiser to comply with those procedural requirements.<sup>383</sup> A property owner can request LBA to compel the ARB or the chief appraiser, as appropriate, to:

- comply with the ARB's adopted hearing procedures and rescind procedural rules adopted by the ARB that are not in compliance with the Comptroller's model hearing procedures;
- schedule a protest hearing;
- deliver a copy of the *Taxpayer Assistance Pamphlet*, the ARB hearing procedures or information on a property owner's right to request evidence the chief appraiser will

<sup>374</sup> Tex. Tax Code §41.43(a-1)

<sup>375</sup> Tex. Tax Code §41.43(a-1)

<sup>376</sup> Tex. Tax Code §41.43(a-1)

<sup>377</sup> Tex. Tax Code §41.43(a-2)

<sup>378</sup> Tex. Tax Code §41.43(a-3)

<sup>379</sup> Tex. Tax Code §41.43(a-3)(1)

<sup>380</sup> Tex. Tax Code §41.43(a-3)(2)

<sup>381</sup> Tex. Tax Code §41.43(a-3)(3)

<sup>382</sup> Tex. Tax Code §§23.01(a) and 23.013(f)

<sup>383</sup> Tex. Tax Code §41A.015(a)

introduce at the ARB hearing at least 14 days before the scheduled hearing;

- allow the property owner to offer evidence, examine or cross-examine witnesses or other parties and present arguments;
- set a hearing for a time and date certain and postpone a hearing that does not begin within two hours of the scheduled time;
- schedule hearings on protests concerning multiple properties identified in the same notice of protest on the same day at the request of the property owner or the property owner's designated agent; or
- refrain from using or offering as evidence information requested by the property owner that was not delivered to the property owner at least 14 days before the hearing.<sup>384</sup>

A property owner cannot file an LBA request unless the property owner first filed a protest and followed the local complaint resolution process.<sup>385</sup>

The property owner must deliver written notice of an alleged violation of a procedural requirement to the ARB chair, chief appraiser and the TLO by certified mail within five business days from the date the ARB or chief appraiser was required to comply with the requirement.<sup>386</sup>

The ARB chair or chief appraiser has 10 days to deliver a written statement to the property owner confirming they will comply with the procedural requirement or cure a failure to comply with the requirement.<sup>387</sup>

The ARB can cure an alleged failure to comply with a procedural requirement that occurred during an ARB hearing by rescinding the order determining the protest and scheduling a new hearing on the protest.<sup>388</sup> Failure to comply with a procedural requirement is not grounds for postponement of a protest hearing.<sup>389</sup>

If the ARB chair or chief appraiser does not provide the property owner with a statement of the intention to comply with the procedural requirement or cure a failure to comply with the procedural requirement, the property owner may request LBA with the Comptroller's office no earlier than the 11th day and no later than the 30th day after delivering notice

of the alleged procedural violation to the ARB chair, chief appraiser and TLO.<sup>390</sup> The property owner must submit the Comptroller's *Request for Limited Binding Arbitration* form and include a required deposit ranging from \$450 to \$550 based on the property type and value.<sup>391</sup>

A property owner may submit a single LBA request that involves multiple properties owned by the property owner, multiple protest hearings and multiple allegations of failure to comply with one or more procedural requirements.<sup>392</sup>

Upon receipt of a completed LBA request, the Comptroller's office processes the request and appoints an arbitrator to hear the dispute.<sup>393</sup> Only licensed attorneys may serve as arbitrators in an LBA case.<sup>394</sup>

The appointed arbitrator will arrange for an LBA hearing.<sup>395</sup> The arbitrator has no later than 20 days after the hearing to issue an award, including a determination on whether the ARB or chief appraiser failed to comply with a procedural requirement as alleged in the LBA request.<sup>396</sup>

If the arbitrator determines that the ARB or chief appraiser failed to comply with a procedural requirement, the ARB or chief appraiser, as applicable, must:

- comply with the procedural requirement; or
- if the ARB issued an order of determination following a protest hearing, the ARB must rescind the order and hold a new protest hearing that complies with the procedural requirement.<sup>397</sup>

The ARB or the chief appraiser, as soon as practicable after receiving notice of a determination, must take any action required to comply with the arbitrator's determination.<sup>398</sup> The arbitrator's determination is final, and cannot be appealed.<sup>399</sup> If the arbitrator determines that the ARB or chief appraiser failed to comply with the procedural requirement, the appraisal district must pay the arbitrator's fee and the Comptroller's office refunds the deposit to the property owner, less

<sup>384</sup> Tex. Tax Code §41A.015(a)(1-7)

<sup>385</sup> Tex. Tax Code §41A.015(b)

<sup>386</sup> Tex. Tax Code §41A.015(b)(1)

<sup>387</sup> Tex. Tax Code §41A.015(b)(2)

<sup>388</sup> Tex. Tax Code §41A.015(c)

<sup>389</sup> Tex. Tax Code §41A.015(c)

<sup>390</sup> Tex. Tax Code §41A.015(d)

<sup>391</sup> Tex. Tax Code §41A.015(e)

<sup>392</sup> Tex. Tax Code §41A.015(o)

<sup>393</sup> Tex. Tax Code §41.015(g)

<sup>394</sup> Tex. Tax Code §41A.015(p)

<sup>395</sup> Tex. Tax Code §41A.08(a)

<sup>396</sup> Tex. Tax Code §§41A.015(j)(1) and 41A.09(a)

<sup>397</sup> Tex. Tax Code §41A.015(j)(2)

<sup>398</sup> Tex. Tax Code §41A.015(m)

<sup>399</sup> Tex. Tax Code §41A.015(j)(4)



the Comptroller's \$50 administrative fee.<sup>400</sup> If the arbitrator determines that the ARB or chief appraiser complied with the procedural requirement, the Comptroller's office pays the arbitrator's fee from the property owner's deposit.<sup>401</sup>

An LBA determination does not affect the property owner's right to appeal the final ARB order of determination to district court or to pursue any other statutory remedy available to the property owner.<sup>402</sup>

## 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.<sup>403</sup> If the property owner is dissatisfied with the ARB's findings, the property owner has the right to file an appeal with the district court in the county in which the property is located.<sup>404</sup> In certain instances, a property owner can request binding arbitration<sup>405</sup> or appeal to the State Office of Administrative Hearings (SOAH).<sup>406</sup>

### District Court

A property owner is entitled to appeal an ARB order to district court.<sup>407</sup> To exercise this right, the property owner must file a petition for review with the district court within 60 days after receiving notice that an ARB has entered its final order or at any time after the hearing but before the 60-day deadline.<sup>408</sup> A property owner appealing the ARB's determination of a motion to correct the appraisal roll must file suit compelling the ARB to order a change in the appraisal roll within 60 days after receiving notice of the ARB's determination.<sup>409</sup> Failure to file a petition within this period bars any appeal to district court.<sup>410</sup>

The property owner must make a partial payment of taxes, usually the amount of taxes not in dispute, before the delinquency date.<sup>411</sup> The property owner may ask the district court to be excused from prepaying taxes; to do so, the property owner 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.<sup>412</sup> The district court will hold a hearing and decide the terms or conditions of payment.<sup>413</sup>

An appeal to the 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 judge hears and decides all facts and legal issues in the case without a jury.<sup>414</sup>

### Regular Binding Arbitration (RBA)

As an alternative to appealing an ARB determination to district court, the property owner may appeal through RBA.<sup>415</sup> RBA is available for market or appraised value or unequal appraisal determinations by ARBs.<sup>416</sup> RBA is available only if the property is:

- a residence homestead, regardless of value,<sup>417</sup> or
- has an appraised value of \$5 million or less.<sup>418</sup>

As with filing a suit in district court, if the property owner requests binding arbitration, the property owner must pay taxes that are not in dispute before the delinquency date.<sup>419</sup> To appeal an ARB order to binding arbitration, the property owner must file with the Comptroller's office by the 60th day after receiving notice of the order.<sup>420</sup>

The property owner must complete the Comptroller's *Request for Binding Arbitration* form, 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.<sup>421</sup>

The property owner must pay the deposit by money order or cashier's check, payable to the Texas Comptroller of Public Accounts.<sup>422</sup> 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.<sup>423</sup> The

<sup>400</sup> Tex. Tax Code §41A.015(k)

<sup>401</sup> Tex. Tax Code §41A.015(l)(1)

<sup>402</sup> Tex. Tax Code §41A.015(n)

<sup>403</sup> Tex. Tax Code §41.47(d)

<sup>404</sup> Tex. Tax Code §§42.01(a) and 42.21

<sup>405</sup> Tex. Tax Code §41A.01

<sup>406</sup> Tex. Gov't Code §2003.901

<sup>407</sup> Tex. Tax Code §§42.01(a) and 42.21

<sup>408</sup> Tex. Tax Code §42.21(a)

<sup>409</sup> Tex. Tax Code §42.21(a)

<sup>410</sup> Tex. Tax Code §42.21(a)

<sup>411</sup> Tex. Tax Code §42.08(b)

<sup>412</sup> Tex. Tax Code §42.08(d)

<sup>413</sup> Tex. Tax Code §42.08(d)

<sup>414</sup> Tex. Tax Code §42.23(c)

<sup>415</sup> Tex. Tax Code §41A.01

<sup>416</sup> Tex. Tax Code §41A.01

<sup>417</sup> Tex. Tax Code §41A.01

<sup>418</sup> Tex. Tax Code §41A.01

<sup>419</sup> Tex. Tax Code §41A.10(a)

<sup>420</sup> Tex. Tax Code §41A.03(a)

<sup>421</sup> Tex. Tax Code §41A.03(a)(1) and (2)

<sup>422</sup> Tex. Tax Code §41A.03(d) and Tex. Admin. Code §9.4252(b)

<sup>423</sup> Tex. Tax Code §41A.03

appraisal district will complete the application and forward the request and deposit to the Comptroller's office.<sup>424</sup>

After the Comptroller's office receives the property owner's request, the property owner and the appraisal district enter a 45-day settlement period.<sup>425</sup> If the parties do not settle by the end of the 45-day period, the Comptroller's office appoints an eligible arbitrator from the Comptroller's registry.<sup>426</sup>

The appointed arbitrator will arrange for an arbitration hearing.<sup>427</sup> Not later than 20 days after the hearing, the arbitrator issues an award that includes a determination of the property's appraised or market value, as appropriate.<sup>428</sup> The arbitrator's award is final and cannot be appealed except in certain instances.<sup>429</sup>

If the arbitrator's decision is closer to the property owner's opinion of value stated in the arbitration request, the appraisal district pays the arbitrator's fee and the Comptroller's office refunds the property owner's deposit, less the Comptroller's \$50 administrative fee.<sup>430</sup> If the arbitrator's decision is closer to the ARB-determined value or equal to half of the difference between the property owner's value and the ARB's value, the Comptroller pays the arbitrator's fee from the property owner's deposit.<sup>431</sup> The Comptroller's office refunds any remaining amount after the arbitrator's fee and the \$50 administrative fee to the property owner.<sup>432</sup>

### **State Office of Administrative Hearings (SOAH)**

Property owners also may appeal ARB determinations of property with a value that exceeds \$1 million to SOAH.<sup>433</sup> Appeals to SOAH only apply to ARB determinations made on real or personal property, other than industrial property.<sup>434</sup>

To appeal an ARB order to SOAH, the property owner must file a completed notice of appeal to SOAH with the chief appraiser of the appraisal district by the 30th day after the date the property owner receives notice of the order.<sup>435</sup> The property owner must also file a \$1,500 deposit by the 90th day after receiving notice of the order.<sup>436</sup> The chief administrative law judge prescribes the form of a notice of appeal.<sup>437</sup> The form requires the property owner to provide a copy of the ARB order, a brief statement explaining the basis for the appeal, and a statement of his or her opinion of the property's appraised or market value, as applicable.<sup>438</sup>

As soon as practicable after receiving 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.<sup>439</sup>

The decisions of SOAH administrative law judges are final and may not be appealed.<sup>440</sup>

<sup>424</sup> Tex. Tax Code §41A.05(a)

<sup>425</sup> Tex. Admin. Code §9.4255(c)

<sup>426</sup> Tex. Admin. Code §9.4255(c)

<sup>427</sup> Tex. Tax Code §41A.08(a)

<sup>428</sup> Tex. Tax Code §41A.09(a)

<sup>429</sup> Tex. Civ. Prac. & Rem. Code §171.088 and Tex. Tax Code §§41A.09(b) (1) and (4) and 41A.11

<sup>430</sup> Tex. Tax Code §41A.09(c)

<sup>431</sup> Tex. Tax Code §41A.09(d)(1)(A)

<sup>432</sup> Tex. Tax Code §41A.09(d)(1)(B)

<sup>433</sup> Tex. Gov't Code §2003.901

<sup>434</sup> Tex. Gov't Code §2003.904

<sup>435</sup> Tex. Gov't Code §2003.906(a)(1) and (a-1)

<sup>436</sup> Tex. Gov't Code §2003.906(a)(2) and (a-2)

<sup>437</sup> Tex. Gov't Code §2003.907

<sup>438</sup> Tex. Gov't Code §2003.907

<sup>439</sup> Tex. Gov't Code §2003.906(b)

<sup>440</sup> Tex. Gov't Code §2003.914

# Assessment

Once the ARB approves the appraisal records, the chief appraiser prepares and certifies an appraisal roll for each taxing unit.<sup>441</sup> 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 the assessor for each taxing unit.<sup>442</sup> An appraisal roll lists all the taxable property within the taxing unit's boundaries.<sup>443</sup> Once the appraisal district certifies the appraisal roll, 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.<sup>444</sup>

The governing body of each taxing unit adopts tax rates annually, generally before Sept. 30.<sup>445</sup> 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 special purpose districts, such as hospital, junior college or water districts. The taxing units create the tax roll after applying tax rates to taxable values.<sup>446</sup>

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, a property owner needs 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 assist counties, cities and school districts in this process, the chief appraiser prepares and certifies an estimate of the

taxable property value within that taxing unit to the tax assessor by April 30.<sup>447</sup> Based on the current year's values, a taxing unit must decide how much property tax revenue is necessary to fund its budget and what tax rate produces that amount. It also must determine the tax revenue it needs 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.<sup>448</sup> The taxing unit must make the proposed budget available for inspection and posted on the city, county or school district website.<sup>449</sup>

Adoption of a county budget, in most cases, and a city budget that requires 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.<sup>450</sup>

The vote to adopt a county or city budget must be a record vote and the taxing unit must post the adopted budget on the city or county website.<sup>451</sup>

## 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 (VATR).<sup>452</sup> In some instances, school districts may choose to adopt a tax rate before adopting a budget.<sup>453</sup> The chief appraiser must have certified an estimate of the school district's taxable property value to the school district's tax assessor for this to occur.<sup>454</sup>

The NNR tax rate is the rate the taxing unit needs to generate about the same amount of revenue it received in the year

<sup>441</sup> Tex. Tax Code §26.01(a)

<sup>442</sup> Tex. Tax Code §26.01(a-1)

<sup>443</sup> Tex. Tax Code §26.01(a)

<sup>444</sup> Tex. Const. art. VIII, §1(a)

<sup>445</sup> Tex. Tax Code §26.05(a)

<sup>446</sup> Tex. Tax Code §26.09(c)

<sup>447</sup> Tex. Tax Code §26.01(e)

<sup>448</sup> Tex. Educ. Code §44.004; Tex. Loc. Gov't Code §§102.006, 111.007, 111.038(a) and 111.067

<sup>449</sup> Tex. Loc. Gov't Code §§102.005(c) and 111.006(b); Tex. Educ. Code §44.0041; Tax Code §26.18

<sup>450</sup> Tex. Loc. Gov't Code §§102.007(c), 111.008(c), 111.039(c) and 111.068

<sup>451</sup> 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)

<sup>452</sup> Tex. Tax Code §26.04(e)

<sup>453</sup> Tex. Educ. Code §44.04(j)

<sup>454</sup> Tex. Tax Code §26.01(e)



before on properties taxed in both years.<sup>455</sup> If property values rise, the NNR tax rate will decrease and vice versa.<sup>456</sup> The actual tax rate depends on the budget adopted by the governing body.

The VATR would provide cities, counties and special purpose districts with 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.<sup>457</sup> Junior college districts, hospital districts and certain small taxing units are allowed an 8 percent increase for operating expenses. The VATR for school districts is tied to school funding calculations plus the debt tax rate.<sup>458</sup>

Taxing units must publish the NNR tax rate and VATR on their websites.<sup>459</sup> If a property owner believes that a taxing unit did not calculate and publish these rates or other required information in good faith, the property owner may ask the district court to stop the taxing unit from adopting a tax rate until it complies with the law.<sup>460</sup>

Local government taxing units and special districts must 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 by 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.<sup>461</sup>

Generally, if a taxing unit wants to increase its property tax rate above the lower of either the NNR tax rate or VATR, it must publish a quarter-page notice in a local newspaper or mail a notice to each taxpayer, alerting them of a special hearing.<sup>462</sup> The public hearing allows taxpayers to voice opinions about the proposed tax increase and ask questions of the governing body.<sup>463</sup> 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.<sup>464</sup>

If a taxpayer believes that a taxing unit failed to comply with tax rate adoption laws in good faith, they can ask a district court for an injunction to stop tax collections until the taxing unit complies with the law.<sup>465</sup>

## Election to Approve Tax Rate

A taxing unit other than a school district or a water district must hold an election to approve a tax rate when:

- a special taxing unit or a city with a population of 30,000 or more adopts a rate that exceeds the VATR; or
- any taxing unit other than a special taxing unit or a city with a population of less than 30,000, regardless of whether it is a special taxing unit, adopts a rate that exceeds the greater of its VATR or de minimis rate.<sup>466</sup>

The governing body must hold an election in the taxing unit in November of the applicable tax year. The governing body may not issue the order calling the election later than the 71st day before the election date.<sup>467</sup> A successful election limits the taxing unit's current tax rate to the VATR.

If a school district adopts a tax rate that exceeds the VATR, it must automatically hold a tax rate ratification election (TRE). A successful election limits the taxing unit's current tax rate to the VATR.<sup>468</sup> An election is not required in a school district if it intends a tax rate increase to pay for responses to a natural disaster.<sup>469</sup>

Only in 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 purpose district, school district, or city of 30,000 or more and only where the taxing unit's de minimis rate is higher than the VATR.<sup>470</sup> If a taxing unit adopts a rate that is less than or equal to the de minimis rate and higher than the VATR calculated under the regular (3.5 percent) or special (8 percent) formula, voters can petition for an election.

<sup>455</sup> Tex. Tax Code §26.04(c)(1)

<sup>456</sup> Tex. Tax Code §26.04(c)(1)

<sup>457</sup> Tex. Tax Code §26.04(c)(2)

<sup>458</sup> Tex. Tax Code §26.08(n)

<sup>459</sup> Tex. Local Gov't Code §140.010(c); Tex. Tax Code §§26.04(e), 26.04(e-1) and 26.052(b)(2)

<sup>460</sup> Tex. Tax Code §26.04(g)

<sup>461</sup> Tex. Tax Code §§26.04, 26.04(e-1) and 26.052(b) and (c); Tex. Water Code §§49.107 and 49.236

<sup>462</sup> Tex. Tax Code §§26.05(d) and 26.06(b) and (c)

<sup>463</sup> Tex. Tax Code §26.06(a)

<sup>464</sup> Tex. Tax Code §26.06(d)

<sup>465</sup> Tex. Tax Code §26.05(e)

<sup>466</sup> Tex. Tax Code §26.07(b)

<sup>467</sup> Tex. Tax Code §26.07(k) and (c)

<sup>468</sup> Tex. Tax Code §26.08(d)

<sup>469</sup> Tex. Tax Code §26.08(a)

<sup>470</sup> Tex. Tax Code §26.075(d)

---

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

- state that the taxing unit intends the petition to require an election on the question of reducing the tax rate for the current year;<sup>471</sup>
- 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;<sup>472</sup> and
- be presented to the taxing unit's governing body within 90 days after it adopts the tax rate.<sup>473</sup>

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 the taxing unit to hold an election on the next uniform election date that allows for compliance with election laws.<sup>474</sup>

If a majority votes in favor of the tax rate reduction, the tax rate is reduced to the VATR immediately.<sup>475</sup>

## 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.<sup>476</sup>

If a property owner's mortgage company pays property taxes on a home out of an escrow account, the property owner should ensure the taxing units send original tax bills to the mortgage company. A property owner may request a receipt from the tax office to verify that the mortgage company paid these taxes on time.<sup>477</sup> The tax collector must give the taxpayer a receipt for the tax payment if he or she requests one.<sup>478</sup>

A property owner must pay taxes on property owned on Jan. 1 of the tax year.<sup>479</sup> Dealers and retailers of certain special inventories must submit a monthly inventory tax statement to the assessor-collector.<sup>480</sup> 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.<sup>481</sup> A property owner is not relieved of this liability because he or she no longer owns the property.<sup>482</sup> If a property owner conducts a going-out-of-business sale, he or she must request a permit from the appraisal district.<sup>483</sup> 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.<sup>484</sup>

---

<sup>471</sup> Tex. Tax Code §26.075(d)

<sup>472</sup> Tex. Tax Code §26.075(d)(2)

<sup>473</sup> Tex. Tax Code §26.075(d)(3)

<sup>474</sup> Tex. Tax Code §26.075(e)

<sup>475</sup> Tex. Tax Code §26.07(d)

<sup>476</sup> Tex. Tax Code §31.01(a)

<sup>477</sup> Tex. Tax Code §31.075(a)

<sup>478</sup> Tex. Tax Code §31.075

---

<sup>479</sup> Tex. Tax Code §32.07(a)

<sup>480</sup> Tex. Tax Code §§23.122(b), 23.1242(b), 23.125(b) and 23.128(b)

<sup>481</sup> Tex. Tax Code §32.07(a)

<sup>482</sup> Tex. Tax Code §32.07(a)

<sup>483</sup> Tex. Business & Commerce Code §17.83

<sup>484</sup> Tex. Tax Code §31.01(e)

# Collections

Tax collections begin around Oct. 1.<sup>485</sup> A property owner typically has until Jan. 31 of the following year to pay the taxes.<sup>486</sup> On Feb. 1, penalty and interest charges begin to accumulate on most unpaid tax bills.<sup>487</sup> If Feb. 1 is drawing near and the property owner has not received a tax bill, the property owner should contact the local tax office to find out how much tax is owed and ensure the correct name and address are on record.

Under certain circumstances, taxing units may impose additional penalties for legal costs on unpaid taxes.<sup>488</sup> 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 the previous owner owes any delinquent taxes on the property.<sup>489</sup>

## Tax Payment Deadlines

If the tax assessor mails the tax bill after Jan. 10, the delinquency date is postponed to the first day of the following month, allowing at least 21 days to pay after the original bill is mailed.<sup>490</sup> The tax assessor must print the delinquency date on the bill.<sup>491</sup>

Most property owners pay their property taxes before year's end to deduct the payments from their federal income taxes. If a property owner is appealing an ARB order to district court, the property owner 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.<sup>492</sup>

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 before July 1 of the following

year.<sup>493</sup> The appeal must be accompanied by a written statement of the amount of taxes not in dispute the property owner proposes to pay.<sup>494</sup> 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.<sup>495</sup> If a property owner appeals an ARB order to binding arbitration, the property owner must pay the tax amount not in dispute.<sup>496</sup>

A property owner may pay under protest by indicating so on the payment instrument or a document accompanying the payment.<sup>497</sup>

## 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.<sup>498</sup> The property owner must file a deferral application with the appraisal district before the taxes become delinquent<sup>499</sup> and pay the taxes based on 105 percent of the home's value.<sup>500</sup>

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 for as long as he or she owns and lives in it.<sup>501</sup>

<sup>485</sup> Tex. Tax Code §31.01(a)

<sup>486</sup> Tex. Tax Code §31.02(a)

<sup>487</sup> Tex. Tax Code §33.01(a)

<sup>488</sup> Tex. Tax Code §§33.01(a), 33.07 and 33.08

<sup>489</sup> Tex. Tax Code §31.08(a)

<sup>490</sup> Tex. Tax Code §31.04(a)

<sup>491</sup> Tex. Tax Code §31.01(c)(7)

<sup>492</sup> Tex. Tax Code §42.08(b)

<sup>493</sup> Tex. Tax Code §42.08(c)

<sup>494</sup> Tex. Tax Code §42.08(b-1)

<sup>495</sup> Tex. Tax Code §42.08(c)

<sup>496</sup> Tex. Tax Code §41A.10(a)

<sup>497</sup> Tex. Tax Code §31.115

<sup>498</sup> Tex. Tax Code §33.065(a)

<sup>499</sup> Tex. Tax Code §33.065(b) and (c)

<sup>500</sup> Tex. Tax Code §33.065(f)

<sup>501</sup> Tex. Tax Code §33.06(a) and (b)

To postpone tax payments, the taxpayer must file a tax deferral affidavit with the appraisal district.<sup>502</sup> A tax deferral only postpones the tax liability.<sup>503</sup> It does not cancel it.<sup>504</sup>

Interest on the amount due accrues at the rate of 5 percent a year.<sup>505</sup> Past taxes and interest become due 181 days after the collector delivers a notice of delinquency once the property owner or qualified surviving spouse no longer owns or lives in the home that qualified as a homestead.<sup>506</sup> Any penalty and interest due on the tax bill for the home before the tax deferral remains on the property and become due when the deferral ends.<sup>507</sup>

A property owner may abate a delinquent tax lawsuit by filing this affidavit with the court.<sup>508</sup> 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.<sup>509</sup>

### **Installment Payments**

Some taxpayers can pay homestead taxes in installments.<sup>510</sup> 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.<sup>511</sup> This installment option is also available to partially disabled veterans and their unmarried surviving spouses with homes donated by charitable organizations.<sup>512</sup>

Homeowners and some small businesses whose property is damaged in a disaster or emergency and located in a designated disaster or emergency area may also pay their taxes in four installments.<sup>513</sup>

If a governing body of a taxing unit adopts the installment payment option for small businesses whose property is in a disaster or emergency area that has not been damaged due to

the disaster or emergency, they may also pay their taxes in four installments.<sup>514</sup>

A property owner may pay property taxes 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.<sup>515</sup> If the delinquency date is not Feb. 1, other installment deadlines apply.<sup>516</sup> Installment payments apply to all taxing units on the tax bill.<sup>517</sup>

The property owner must give written notice with his or her first payment that the property owner is paying the taxes in installments.<sup>518</sup> A property owner may make the first installment and request the installment agreement before the first day of the first month after the delinquency date, but the owner will be penalized for the first installment's delinquency.<sup>519</sup>

If a property owner misses an installment payment, a 6 percent penalty and interest at 1 percent per month for each month of delinquency will accrue.<sup>520</sup>

### **Other Payment Options**

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

- **discounts**, if the property owner pays taxes early;<sup>521</sup>
- **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;<sup>522</sup>
- **partial payment** of the taxes;<sup>523</sup>
- **escrow agreements** for a special year-round account;<sup>524</sup> and
- **work contracts**, instead of paying taxes, for certain taxpayers doing specific duties.<sup>525</sup>

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

<sup>502</sup> Tex. Tax Code §33.06(b)

<sup>503</sup> Tex. Tax Code §33.06(a)

<sup>504</sup> Tex. Tax Code §33.06(b) and (d)

<sup>505</sup> Tex. Tax Code §33.06(d)

<sup>506</sup> Tex. Tax Code §33.06(b) and (f)

<sup>507</sup> Tex. Tax Code §33.06(d)

<sup>508</sup> Tex. Tax Code §33.06(c)

<sup>509</sup> Tex. Tax Code §33.06(c-1)

<sup>510</sup> Tex. Tax Code §31.031

<sup>511</sup> Tex. Tax Code §31.031(a)

<sup>512</sup> Tex. Tax Code §31.031(a)(2)(B)

<sup>513</sup> Tex. Tax Code §31.032(a)

<sup>514</sup> Tex. Tax Code §31.033

<sup>515</sup> Tex. Tax Code §31.031(a-1)

<sup>516</sup> Tex. Tax Code §31.031(a-1)

<sup>517</sup> Tex. Tax Code §31.031(a-1)

<sup>518</sup> Tex. Tax Code §§31.031(a-1) and (a-2) and 31.032(b) and (b-1)

<sup>519</sup> Tex. Tax Code §§31.031(a-2) and 31.032(b-1)

<sup>520</sup> Tex. Tax Code §§31.031(b), 31.032(d) and 33.01(c)

<sup>521</sup> Tex. Tax Code §31.05

<sup>522</sup> Tex. Tax Code §31.03

<sup>523</sup> Tex. Tax Code §31.07

<sup>524</sup> Tex. Tax Code §31.072

<sup>525</sup> Tex. Tax Code §§31.035, 31.036 and 31.037

- 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;<sup>526</sup> or
- a manufactured homeowner for payment of property taxes on the property owner's manufactured home.<sup>527</sup>

## 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 accrue on the taxes due.<sup>528</sup> The property also may be foreclosed or seized.<sup>529</sup>

### Penalty and Interest Charges Accrue

Regular penalty charges may be as high as 12 percent, depending on how long the taxes remain unpaid.<sup>530</sup> Interest accrues at 1 percent per month with no maximum.<sup>531</sup> Private attorneys hired by taxing units to collect delinquent accounts can charge an additional 20 percent penalty.<sup>532</sup>

Some tax collectors allow property owners to pay delinquent taxes in installments for up to 36 months.<sup>533</sup> They are not required to offer this option except for a residence homestead.<sup>534</sup> 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 under the agreement.<sup>535</sup>

### Tax Collector Can Sue Taxpayers

The tax collector's last resort is to take a property owner to court if taxes are delinquent. The collector can add court costs and other expenses to the delinquent tax bill.<sup>536</sup>

If a taxpayer owns taxable property on Jan. 1, the property owner is liable for all taxes due on the property for that year.<sup>537</sup> The property owner can be sued for delinquent taxes even if the property has since been sold or transferred.<sup>538</sup>

### Property May be Sold

Each taxing unit holds a tax lien on each property owner's taxable properties.<sup>539</sup> A tax lien automatically attaches to the property on Jan. 1 each year to secure payment of all taxes.<sup>540</sup>

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.<sup>541</sup> The taxing unit will then auction the property and use the proceeds to pay the past due taxes.<sup>542</sup>

<sup>526</sup> Tex. Tax Code §31.072(h)

<sup>527</sup> Tex. Tax Code §31.072(i)

<sup>528</sup> Tex. Tax Code §33.01

<sup>529</sup> Tex. Tax Code §§33.41, 33.21, 33.91 and 33.911

<sup>530</sup> Tex. Tax Code §33.01(a)

<sup>531</sup> Tex. Tax Code §33.01(c)

<sup>532</sup> Tex. Tax Code §§33.07 and 33.08

<sup>533</sup> Tex. Tax Code §33.02(a)(4)

<sup>534</sup> Tex. Tax Code §33.02(a)

<sup>535</sup> Tex. Tax Code §33.02(c)

<sup>536</sup> Tex. Tax Code §33.48(a)

<sup>537</sup> Tex. Tax Code §32.07(a)

<sup>538</sup> Tex. Tax Code §32.07(a)

<sup>539</sup> Tex. Tax Code §32.01(a)

<sup>540</sup> Tex. Tax Code §32.01(a)

<sup>541</sup> Tex. Tax Code §32.05(a)

<sup>542</sup> Tex. Tax Code §§34.01(a) and 34.02(b)(6)

For more information, visit our website:  
**[comptroller.texas.gov/taxes/property-tax](https://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/](https://comptroller.texas.gov/subscribe/).

Texas Comptroller of Public Accounts  
Publication #96-1425  
Updated March 2024