

Texas Property Tax Valuation Appeal Process

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History of Property Taxes in Texas

- Established during Republic of Texas
- Became primary source of school funding
- Taxing Entities (eg City, County, School) each established the appraised values of properties and the tax rates and collections
- Appeals of valuation were to each taxing entity
- Results of appeals were less than favorable

1980 – Tax Reform and Creation of The Appraisal District

- Comprehensive overhaul of Property Tax Code
- “Separation of Powers” of valuation and tax collection
- New local gov’t entity: the Appraisal District
- Also created Appraisal Review Board in each District

The Tax Roll

- After reform, each District creates a single Tax Roll for uniform use by all taxing entities.
- Appraisal District certifies a Tax Roll for:
 - Identification of Property Owners
 - Property Valuation
 - Exemptions (eg. Homestead, Public Prop., Freeport)
 - Agricultural and Other Uses
 - Situs of movable property
 - Allocation of interstate values and more

Protest Process – First Steps

- Responsibility to initiate a protest is triggered by a notice from the Appraisal District, for example:
 - Notice of Appraised Value
 - Notice of Denial of Exemption
- Deadline to Protest is 30 days
 - Or June 1 whichever is later

Special Note: Texas is a “non-disclosure” state, don’t be tricked by a request from Appraisal District

What May Be Protested

- Determination of Appraised or Market Value
- Unequal Appraisal of Property
- Wrongful Inclusion of an Owner's Property
- Denial in Whole or Part of an Exemption
- Determination that Person is the Owner of Property
- "Any other Action that Adversely Affects Property Owner"

Who May Protest?

- Owner as of January 1
- Purchaser after January 1, if before the deadline to protest and/or a protest by seller is pending
- Lessee who is obligated by contract to pay the property taxes (eg. NNN lease) if the owner has not already filed a protest

Who May Represent an Owner in Protest / ARB Hearing?

- Natural Owner
- Licensed Property Tax Consultant
 - Regulated by Texas Department of Licensing and Regulation
 - Must have “Authorization of Agent” on file
- Certified Public Accountant
- Licensed Attorney
- Employee of Owner who performs tax services

How to Protest

- No particular form is required but protest must:
 - Identify property owner
 - Identify property
 - Identify the “dissatisfaction with determination”
- Forms are available on Appraisal District websites. A form to protest is also include in Notice of Value.
- Larger Appraisal Districts also have online-protests for residential properties
- Hint: Protest everything that might apply

Late Protests and Other Challenges

- Limited ability to file a late protest of value:
 - Must prove an over-valuation by more than one-third
 - Must be filed prior to delinquency date.
 - Ten percent penalty is applied.
- Extremely limited ability to file late “Motions to Correct” tax roll for:
 - Pure clerical errors. (eg. Entry of an extra “zero”)
 - Multiple appraisal of same property
 - Non-existent property

Appraisal Review Board (ARB) Hearing

- Typically meet with Appraisal District staff to attempt resolution prior to hearing
- 15-day notice of hearing required
- Informal hearing, but under oath
- Each side presents evidence of position
- May appear by affidavit – not advisable

Appeal of the ARB Decision

OPTION ONE:

- Lawsuit appeal to State District Court
- Property Owner is Plaintiff, Appraisal District is Defendant
- De Novo review. ARB hearing not admissible
- Must be filed within 60 days of ARB order
- Most cases settle prior to trial
- Attorney's Fees for Owner upon successful appeal

Appeal of the ARB Decision

OPTION TWO:

- Binding Arbitration – available for:
 - Residence Homestead
 - Any property valued by ARB at \$3 million or less
 - Refundable Deposit Required
 - \$450 for residential
 - Range for non-residential depending on value

Appeal of the ARB Decision

OPTION THREE:

- State Office of Administrative Hearings (SOAH)
 - Available for properties with value in excess of \$1m.
 - Deposit \$1,500 fee with Appraisal District
 - Notice to District within 30 days of ARB Order
 - Administrative Law Judge Appointed

Payment of Taxes During Appeal

- Even with an appeal pending, property taxes must be timely paid or appeal will be dismissed
- Two options for payment
 - Pay the amount on the tax bill. Refund will be issued if successful
 - Pay an amount based upon the taxable value that is “not in dispute”
 - Hard to calculate where the value may end
 - Possibility that owner will have to pay more with interest

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