Property Tax Information

What is property tax?
Property taxes are local taxes. The property tax provides more tax dollars for local government services in Texas than any other source. Property taxes help pay for public schools, county roads, police, fire protection, water services, and other services. Local officials value your property, set your tax rates, and collect your taxes. Texas law governs how the process works.

What are my rights under the Texas Constitution?
The Texas State Constitution sets out five standards for the property tax.

1. **Taxation must be equal and uniform.** All property must be valued and taxed in an equal and uniform manner. This provision, which is an equity standard, helps ensure that no single property or type of property pays more than its fair share of taxes.
2. **With some exceptions, all tangible property must be taxed on its January 1 market value.** The exceptions include certain agricultural; timber; timber; and recreational, park, and scenic land subject to special appraisal. A property's market value is the price for which it would sell when both buyer and seller want the best price and neither is under pressure to buy or sell.
3. **All property is taxable unless exempted by federal or state law.** An exemption excludes all or part of a property's value from taxation.
4. **Property owners have a right to reasonable notice of increases in appraised property values.**
5. **Each property in a given appraisal district must have one appraised value.** An appraisal district's boundaries generally follow the boundaries of the county in which it is located.

How does the system work?
There are three main parts to the property tax system in Texas:

1. An *appraisal district* in each county sets the value of taxable property each year and administers exemptions. The *chief appraiser* is the appraisal district's chief administrator and is responsible to a board of directors for the district's operation.
2. An *appraisal review board (ARB)* hears and rules on disagreements between property owners and the appraisal district about property values, exemptions, special appraisals, and other matters affecting property owners; they also make determinations on taxing unit challenges.
3. Local *taxing units* decide how much money they will need each year to fund the services they will provide and adopt a budget. The units then set tax rates that will raise the revenue necessary to fund the budget. This, in turn, determines the total amount of taxes property owners must pay.

The system has four stages:

1. <u>Valuing the taxable property</u> – January 1 marks the beginning of property appraisal. What property is used for on January 1, market conditions, taxable situs (location) and who owns the property on that date determine whether the property is taxed, its value, qualifications for exemptions, and who is responsible for paying the taxes. Between January 1 and April 30, the appraisal district processes applications for tax exemptions, agricultural appraisals, and other tax relief.
2. <u>Protesting the value</u> – Late June or early July, the ARB begins hearing protests from property owners who believe their property values are incorrect, or who feel they were improperly denied an exemption or other tax relief. The ARB is an independent board of citizens responsible for handling protests about the appraisal district's work. When the ARB finishes its work, the chief appraiser gives each taxing unit a list of taxable property known as the appraisal roll.
3. <u>Adopting the tax rates</u> – Usually in August or September, the elected officials of each taxing unit adopt tax rates for their operations and debt payments.
4. <u>Collecting the taxes</u> – Tax collection starts in October as tax bills go out. Taxpayers have until January 31 of the following year to pay their taxes. On February 1, penalty and interest charges begin accumulating on most unpaid tax bills. Taxing units may start legal action to collect unpaid property taxes once they become delinquent.

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What is the taxpayer's role?
You can play an effective role in the process if you know your rights, understand the remedies available to you, and fulfill your responsibilities as a property owner and taxpayer.

Know You Rights:

- You have the right to equal and uniform tax appraisals. Your property value should be the same as that placed on other properties that are similar or comparable to yours.
- Unless your property qualifies for special appraisal, such as for agricultural land, you have the right to have it taxed on its January 1 market value.
- You have the right to receive all tax exemptions or other tax relief for which you apply and qualify.
- You have the right to notices of changes in your property value or exemptions.
- You have the right to know about a taxing unit's proposed tax rate increase and have time to comment on it.

Understand Your Remedies:

- If you believe your property has been appraised for more than its January 1 market value, or if you were denied an exemption or agricultural appraisal, you may protest to the ARB. If you don't agree with the ARB, you may take your case to SOAH, arbitration or district court.
- You may speak out at public hearings when your elected officials are deciding how to spend your tax money and setting the tax rate.
- You and your fellow taxpayers may limit major tax increase in an election to roll back or limit the tax rate.

Fulfill Your Responsibilities:

- You must apply for exemptions, agricultural appraisal, and other forms of tax relief before the deadlines.
- You must see that your property is listed correctly in the tax records with your correct name, address and property description. If your property is omitted from the records and escapes taxation, it becomes subject to a back assessment. In the event a back assessment occurs, it may cover up to five prior years in the case of real property (land and improvements), and up to two prior years for business personal property.
- If you own tangible personal property used for the production of income (business personal property), you must annually render it to the chief appraiser. Personal property which escapes taxation because of failure to render becomes subject to back assessment when discovered by the appraisal district. Penalties apply if you render late or fail to render.
- You must pay your taxes on time. Tax bills are usually mailed in October. If you do not receive a tax bill by year end contact the tax office to find out how much tax you owe and the reason you haven't received a bill. You are still responsible to pay your taxes even if you do not receive a bill.

How are my taxes calculated and penalty and interest applied?
You can calculate the taxes due on your property by using the following formula:

taxable value (appraised value less exemption amount) x tax rate / 100 = tax amount due

Taxing units usually mail their tax bills in October. The normal delinquency date is February 1, but may be later depending on when the tax bill is mailed. The law allows you at least 21 days to pay after a tax bill is mailed to you. If your bill is mailed after January 10, the delinquency date is postponed. You have until the first day of the next month that will provide at least 21 days for paying the bill. So, if the taxing unit mails your bill on January 15, your taxes don't become delinquent until March1.

Regular penalty charges may be as high as 12 percent, depending on how long the tax remains unpaid. Interest is charged at the rate of 1 percent per month, and interest continues to accrue as long as the tax remains delinquent. There may be an additional 20 percent penalty added if the taxing unit hires a private attorney to collect the taxes.

Texas law requires you to comply with tax payment requirements before delinquency if you plan to file motions with the ARB alleging failure of the appraisal district or ARB to send you a required notice, if you file a pre-delinquency motion asking correction of a substantial error (an over appraisal of at least 1/3), or if you plan to appeal an ARB determination to district court. In these instances, you must pay the amount of taxes due on the taxable value of the property that is not in dispute or the amount of taxes imposed on the property in the preceding year, whichever is greater.