

Basic Taxation

COMMISSIONERS COURT

History

Texas Property Tax Code – 1979 (Peveto Bill SB621)

County/Central Appraisal Districts Formed

Reforms included:

- Abolished “Assessment Ratios”
- Required Reappraisal Every 3 Years
- Granted New Exemptions
- Set up Appraisal Review Board

Assessment Ratios

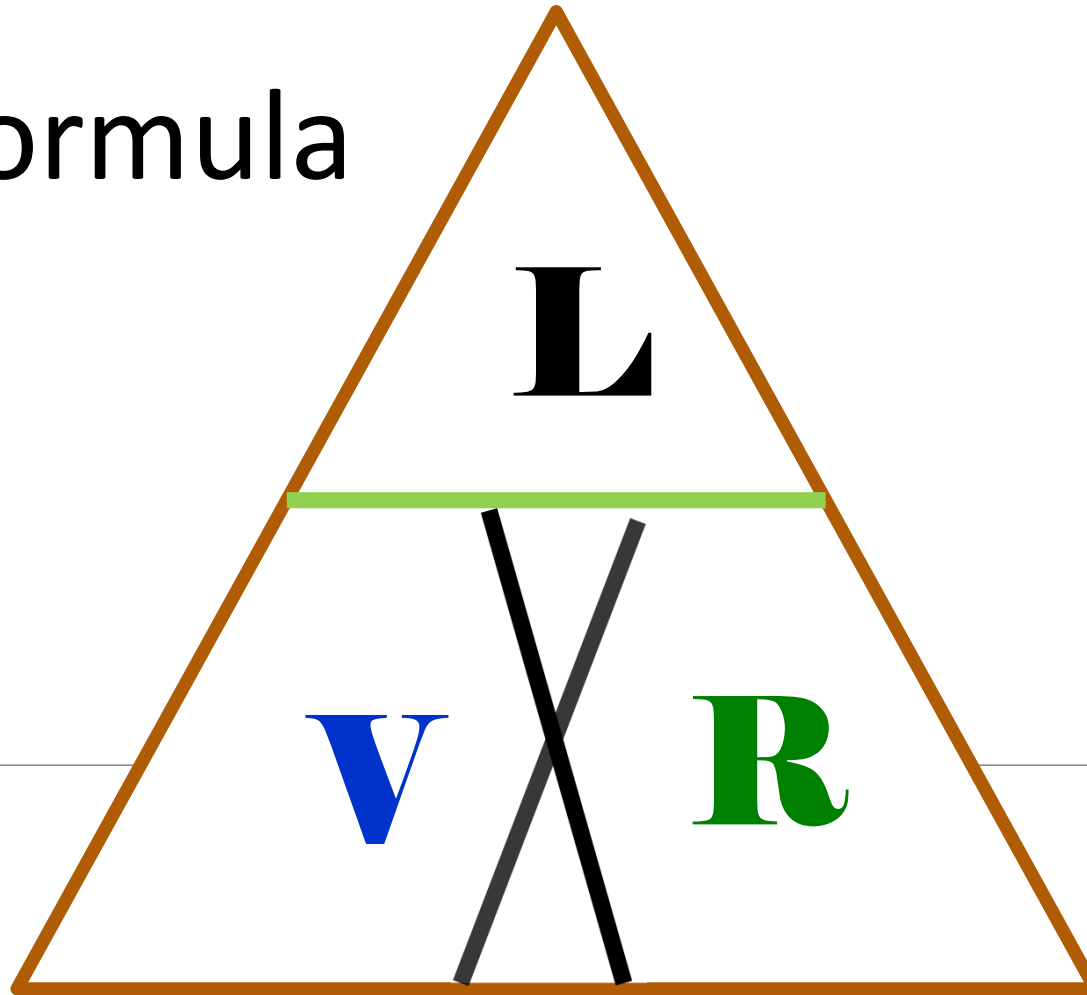
Value times ~~Assessment Ratio~~ times Rate equaled Levy

- Example: Market Value is \$4,000 per acre.
- Assessment Ratio was **25%** or \$1,000 per acre
- Just change the assessment ratio to **27.5%** or **\$1,100**
- No Reappraisal
- No Tax **Rate** Increase
- More Levy

• Value times Rate equals Levy

$$\text{Value} \times \text{Rate} = \text{Levy} (\div 100)$$

The Formula



Principles of Property Tax System

Principle 1 – Property Taxation Must Be Equal and Uniform

- Every Property Owner Treated the Same
 - Both sold and unsold properties
- Same set of Rules for businesses and homeowners
 - Similar methods of appraisal
- Valuation based on defensible process
 - Values are “graded” by CPA, protested by taxpayers

Three methods to create a value



Good for partially complete structures

Best for market trends

Used for properties that produce income

Principles of Property Tax System

Principle 2 – All Property Taxed at Market Value Unless Constitution Gives Different Standard

Market Value Defined T.C. 1.04(7)

1. Transfer for cash or equivalent,
2. Exposed on open market,
3. For a reasonable time,
4. Both seller and buyer seek to max. their gains,
5. Neither is in a position to take advantage

Principles of Property Tax System

Principle 2 – All Property Taxed at Market Value Unless Constitution Gives Different Standard

Chapter 23 is full of “Different Standards”

- Agriculture value, Timber, Recreation and Park, others
- Special Inventory Tax
 - (automobiles, boats, heavy equipment, mobile homes)

Principles of Property Tax System

Principle 2 – All Property Taxed at Market Value Unless Constitution Gives Different Standard

Chapter 23 is full of “Different Standards” (continued)

Capped homestead values

HOA common area property value

Special consideration for homesteads

Residential Inventory

Principles of Property Tax System

Principle 2 – All Property Taxed at Market Value

Appraisal Date:

January 1 (Even a partially complete structure)

Or

September 1 (Business Personal Property)

Principles of Property Tax System

Principle 3 – All Property is **Taxable Unless Exempt** by Federal Law or State Constitution

- Property Tax Exemption Reduces a Taxpayer's Taxes
 - Amendments to constitution
- Homestead Exemptions Are the Type Most Granted
 - State mandated
 - Local option

Principles of Property Tax System



Totally Exempt



FOR YOUTH DEVELOPMENT®
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

State Mandated Homestead Exemptions

Taxing Units	General Homestead	65 or Older	Disabled Person
School Districts	-15,000 -2015-25,000 -2022-40,000 \$100,000	\$10,000	\$10,000
County	\$3,000 FM/FC	None	None
City	None	None	None

Beginning in 2009...

State Mandated Homestead Exemptions

Beginning in 2015...

Loc. Govt Code Section
140.011

Comptroller Form 50-833

100% Disabled Veterans' Homestead	<i>Surviving Spouse of Armed Forces member or First Responder Killed in Action or in Line of Duty</i>	Donated Homestead to a Disabled Veteran
Total Value	Total Value	Exemption equal to veteran's disability rating
Total Value	Total Value	Exemption equal to veteran's disability rating
Total Value	Total Value	Exemption equal to veteran's disability rating

County Tax Rates

County Tax Rate

- General Fund
- Permanent Improvement Fund
- Jury Fund
- Road and Bridge Fund

Maximum Tax Rate

\$0.80/\$100

Farm-to-Market/Flood Control

\$0.30/\$100

Special Road and Bridge

\$0.15/\$100

Local Option Homestead Exemptions

Taxing Units	OPTIONAL General Homestead (HS)	OPTIONAL 65 or Older Homestead (OA)	OPTIONAL Disabled Person Homestead (DP)
School Districts	Up to 20% of appraised value (\$5,000 minimum)	minimum \$3,000 or more	minimum \$3,000 or more
County	Up to 20% of appraised value (\$5,000 minimum)	minimum \$3,000 or more	minimum \$3,000 or more
City	Up to 20% of appraised value (\$5,000 minimum)	minimum \$3,000 or more	minimum \$3,000 or more

Tax Ceiling/Freeze (Optional)



Taxes are “set” but can increase with new improvements made later

Principles of Property Tax System

Principle 4 – Property Owners Have a Right to Notice of Increases in Their Tax Rates and Appraised Value

- Appraisal Districts Mail Reappraisal Notices (about value)
 - Remedy for Property Owner – Protest to ARB
- Truth-in-Taxation Notices **posted** on taxing unit's website and **published** in newspaper (about rate)
 - Remedy for Property Owner – Public Hearings/Elections

Tax Rates (TMI)

No-new-revenue Rate

Sales Tax Gain Rate

Debt Rate

Voter-approval Rate

Unused Increment Rate

Proposed Tax Rate

De minimis Rate

M&O Rate

Adopted Rate

Principles of Property Tax System

Principle 5 – Property Has One Appraised Value and One Appraisal Review Board

- Market Value – Three ways to value
- Appraised Value – Special Considerations/Method
- Taxable Value – Appraised value less Exemptions

Why an appraisal district?

Create single appraisal



School District Value

\$175,000

Appraisal District Value
\$270,000

City Value

\$150,000

Responsibilities



Appraisal District

CERTIFIES the taxable
VALUE to Taxing Units



Appraisal Review Board



Informal Process to Resolve
Conflicts

Citizens of the County

Approves Appraisal Roll



Governing Body

Adopts the tax **RATE**

Determines Budget

Optional Exemptions

Provides Services



Assessor-Collector

Creates and Mails Tax Bills

Collects and Distributes Revenue

Oversees Delinquent Collections

Reports to Governing Body



Kristeen Roe, CTA, PCAC



Glenn Hegar,
Texas Comptroller

Comptroller of
Public Accounts

Property Tax Assistance Division

- Property Value Study (**PVS**)
- Methods and Assistance Program (**MAP**)
- Arbitration
- ARB Training
- Education

The Property Taxpayers

Have Rights and Responsibilities

- Right to be Noticed
- Right to Protest
- Responsibility to timely file
- Responsibility to timely pay





The Value

January 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat	
		1	2	3	4	5	6

Appraisal District Mails Notices

February 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat	
7					1	2	3

March 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat		
14						1	2	3

April 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat	
21						1	2
28		1	2	3	4	5	6
	7	8	9	10	11	12	13
	14	15	16	17	18	19	20
	21	22	23	24	25	26	27
	28	29	30				

January 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

February 2024

Sun	Mon	Tue	Wed	Thu	Fri
					1
2	3	4	5	6	7
8	9	10	11	12	13
14	15	16	17	18	19
20	21	22	23	24	25
26	27	28	29	30	

July 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

March 2024

Sun	Mon
1	2
3	4
5	6
7	8
9	10
11	12
13	14
15	16
17	18
19	20
21	22
23	24
25	26
27	28
29	30
31	

May

Sun
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

April

Appraisal District Certifies Value



The Rate

January 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12

February 2024

Sun	Mon	Tue	Wed	Thu	Fri
					1
14					
21					
28					

March 2024

Sun	Mon
1	
1	
2	
1	
7	
2	
14	
3	
21	
28	

April

Sun
1
7
14
21
28

May

Sun
2
9
16
23
30

June

Sun
2
9
16
23
30

Governing Body Receives Value

July 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		



July 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		



August 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6			
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Governing Body Adopts Rate

September 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				



**PROPOSE
a RATE**

**PUBLIC
HEARING**

Notices



**ADOPT A
RATE**



The Levy

Assessor Creates and Mails Bills

July 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7					

August 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5				

September 2024

Sun	Mon	Tue	W
	1	2	3
4	5	6	7
8	9	10	11
12	13	14	15
16	17	18	19
20	21	22	23
24	25	26	27
28	29	30	

October 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

print-a-calendar.com

print-a-calendar.com

print-a-calendar.com

print-a-calendar.com

October 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6						

Collector Collects Current Taxes

November 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
13					1	2
20						

December 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
10	1	2	3	4	5	6
17						

January 2024

Sun	Mon	Tue	Wed	Thu	Fri	Sat
15		1	2	3	4	5
22	7	8	9	10	11	12
29	14	15	16	17	18	19
	21	22	23	24	25	26
	28	29	30	31		



Property Tax Issues

Increased Population

- More Value
- More Services
- More Staff
- More Questions



Property Tax Issues

Taxpayers over 65 or Disabled

- Deferrals
 - Passed to Surviving Spouse
 - No collection for 181 days after notice
- Quarter-pays
 - From Oct to July
 - Four equal payments
- Optional ceiling
 - Set amount
 - Additional Improvements



Property Tax Issues

Payment Options

- In Person by check or money order
- In Person by cash (U S Currency)
- In Person by credit card (Processing fee)
- By Mail by check or money order
- By Electronic Fund Transfer
- By Credit Card online (Processing fee)



Property Tax Issues

“Property Tax Relief”

Texas Legislature

- All taxing units the same
- Mandatory exemptions
- Mandatory regulations
- Inflation
- Wages

Property Tax in Texas



Questions?

Thank You

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