

Texas Property Tax System

- The **property owner**, whether residential or business, is responsible for paying taxes and has a reasonable expectation that the taxing process will be fairly administered.
- An **appraisal district** in each county, administered by a chief appraiser, sets the value of your property each year. The appraisal district's board of directors hires the chief appraiser. Local taxing units elect the directors and fund the appraisal district based on the amount of taxes levied in each taxing unit.
- An **appraisal review board** (ARB) hears disagreements between taxpayers and the appraisal district about the taxability and value of property. The appraisal district's board of directors appoints citizens from the community to serve as ARB members.
- Local **taxing units**, including the school districts, counties, cities and special districts, decide how much money they must spend to provide public services. Property tax rates are set according to taxing unit budgets. Some taxing units have access to other revenue sources, such as a local sales tax. School districts must rely on the local property tax, in addition to state and federal funds.
- **Property Tax Assistance**, a division of the State Comptroller's office, conducts a biennial Property Value Study (PVS) for each school district for state funding purposes. This study, an independent estimate mandated by the Texas Legislature, ensures that property values within a school district are at or near market value for equitable school funding. The state sends more money to those districts that are less able to raise money locally because of insufficient taxable property. The Comptroller's values do not directly affect local values or property taxes, which are determined locally. However, when local values are more than 5 percent below state values, the school district could receive fewer state dollars because the funding formulas will use state values to calculate state funding. Through a Comptroller appeals process, a school district can contest the state values. In any case, understanding the reasons for the differences in the state and local values is critical for school districts and the appraisal districts that serve them.

Texas Local Property Taxes Path of a Property Tax Dollar



1. You pay your property taxes to the local tax collector.
2. The tax collector distributes funds to schools, cities and other local governments.
3. Local governments spend funds on:
 - Schools
 - Roads
 - Hospitals
 - Fire Departments
 - Other Programs

The Texas local property tax is just that — a *local* tax, assessed locally, collected locally and used locally.



More than 3,900 local governments in Texas — school districts, cities, counties and various special districts — collect and spend these taxes.

Several types of local governments may tax your property. Texas counties and local school districts tax *all* nonexempt property within their jurisdictions. You also may pay property taxes to a city and to special districts such as hospital, junior college or water districts.

The governing body of each of these local governments determines the amount of property taxes it wants to raise and sets its own tax rate. Most, but not all, local governments other than counties contract with their county's tax assessor-collector to collect the tax on their behalf.

Where Does the Money Go?

The local property tax is the largest single funding source for community services. State government receives no benefit from these local taxes. Your local property taxes help to pay for your public schools, city streets, county roads, police departments, fire protection and many other vital programs.

What is the State's Role?

Texas has no state property tax. The Legislature has authorized local governments to collect the tax. The state does not set the tax rates, collect the taxes or settle disputes between you and your local governments.

The Comptroller's role in property taxation is primarily limited to advisory and monitoring services provided by the Comptroller's Property Tax Assistance Division (PTAD).

Most importantly, PTAD conducts a biennial Property Value Study for each school district in the state, to measure whether their appraisal districts are appraising property at market value and thus ensure appropriate school funding. The Comptroller's study, however, does *not* directly affect local values or tax collections.

Who Does What?

Your local property tax system has several main components.

Property Tax Process

Office	Role
County Appraisal District (CAD)	Appraises the value of your property each year.
Appraisal Review Board	A board of local citizens, appointed by the county appraisal district's board of directors, that hears disagreements between taxpayers and the appraisal district about property taxability and value.
Local taxing units	Set budgets and property tax rates.
County Tax Assessor-Collector	In many counties, local governments contract with this official to collect all property taxes due in that county. The assessor-collector then transfers the appropriate amounts to each government. Although some taxing units may contract with an appraisal district to collect their taxes, the appraisal district does not levy a property tax.

When Do They Do It?

The property tax process for each tax year includes a series of steps, as follows:

Date(s)	Event
January 1	CADs are required to appraise property at its value on this date. A lien attaches to each taxable property to ensure property tax payment.
January 1 - April 30	CAD completes appraisals and processes applications for exemptions.
January 31	Taxes due to local taxing units (or county tax assessor-collector, if acting on their behalf).
February 1	Local taxing units begin charging penalty and interest for unpaid tax bills.
April - May	Appraisal districts send notices of appraised value.
May 1	Appraisal review board begins hearing protests from property owners.
July 1	Local taxing units may impose additional penalties for legal costs related to collecting unpaid taxes.
August - September	Local taxing units adopt tax rates.
October 1	Local taxing units (or county tax assessor-collector, acting on their behalf) begin sending tax bills to property owners.

Note: When the last day for performing an act falls on a Saturday, Sunday or legal holiday, Tax Code Section 1.06 designates the deadline as the next regular business day.

What Does the Texas Constitution Say?

The Texas Constitution sets out five basic rules for property taxes in our state:

- Taxation must be **equal and uniform**. No single property or type of property should pay more than its fair share.

The property taxes you pay are based on the value of property you own. If, for instance, your property is worth half as much as the property owned by your neighbor (after any exemptions that apply), your tax bill should be one-half of your neighbor's. This means that *uniform appraisal* is very important.

- Generally, all property must be taxed based on its **current market value**. That's the price it would sell for when both buyer and seller seek the best price and neither is under pressure to buy or sell.

The Texas Constitution provides certain exceptions to this rule, such as the use of "productivity values" for agricultural and timberland. This means that the land is taxed based on the value of *what it produces*, such as crops and livestock, rather than its sale value. This lowers the tax bill for such land.

- Each property in a county must have a **single appraised value**. This means that the various local governments to which you pay property taxes cannot assign different values to your property; all must use the same value. This is guaranteed by the use of county appraisal districts.
- All property is taxable unless federal or state law **exempts it from the tax**. These exemptions may exclude all or part of your property's value from taxation.
- Property owners have a right to **reasonable notice of increases** in their appraised property value.