

TEXAS PROPERTY TAX CHANGE EXPLAINED

Property owners to benefit from adjustments in appraisal review boards, appeals and hearings.

By Michael Shalley and Patrick McGill

As the economy recovers and property values rise, real estate taxes are a growing concern for Texas property owners. Each dollar of additional tax is a dollar removed from an income-producing property's bottom line, and some taxpayers will find that the increases in tax appraisals are overreaching and require a formal protest.

That being said, taxpayers who protest their property values will likely be pleased with the Texas Legislature's recent revision to the property tax code. Texas House Bill 585, which passed in June of this year, was written to provide for a fairer and more efficient tax appeal process, and its passage into law may help taxpayers appeal their assessments.

Complaints about the state's property tax system often involve a perception of bias on the part of appraisal review boards (ARBs), the citizen panels that hear and decide property tax appeals at the administrative level. A second concern is a perceived lack of responsiveness on the part of appraisal districts with regard to taxpayer concerns. To address this, HB

585 provides for increased oversight of these entities.

The new law requires the comptroller to provide model hearing procedures with clear expectations for all Texas ARBs. In large counties, it also establishes a taxpayer complaint system through a taxpayer liaison, an intermediary housed at the district and tasked with hearing taxpayer concerns regarding procedures and personnel. The liaison's go-between responsibilities will now increase to include accepting taxpayer complaints and providing clerical support in the ARB selection process.

On top of re-emphasizing oversight and improving accountability, HB 585 tackles another perceived flaw in the property tax appeal system. Appraisal district boards of directors have historically selected ARB members. In Houston, however, a district judge se-



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lects Harris County ARB members.

ARB member selection in counties with more than 120,000 residents will now take on this same model used in Harris County. Only district judges will possess the power to appoint members. It's a move that could also have disciplinary implications, as ARB members who do not follow procedures may be removed by a judge as well. And in large counties, the appraisal district will be removed from the panel selection process completely.

Aside from the new panel requirements, the new law seeks to make protesting property values easier and more effective. Appeal hearings must now be set for a certain date and time. If a hearing does not occur within two hours of its scheduled time, a taxpayer may request a postponement.

Also, if before a scheduled hearing



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a change in value is made with an informal agreement between taxpayers and appraisers, the law strengthens the standards of evidence appraisal districts must provide in order to raise the property value the next year. This could mean less volatility for values.

These changes are not the only changes set forth by HB 585, as the new law also provides new procedures for district court appeals. While shifts in accountability and scheduling may seem small, they could indicate a broader trend toward a more fair and equitable Texas property tax system.

As more guidelines favor taxpayers, it improves their likelihood of achieving fair results. What's more, keeping tax values fair will ensure that Texas' ability to attract developers and investors remains strong.

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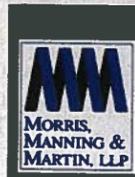
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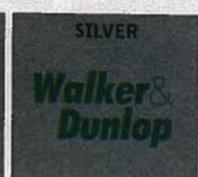
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