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Texas Property Tax Overview; Value Protests and Appeals

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Property tax is a major concern for Texas property owners, since it represents one of the most substantial expenses they face. In 2023, local taxing entities' property tax collections totaled \$82.1 billion, matching the total revenue generated by all state taxes combined. A property owner's tax bill is determined by applying the tax rates established by local taxing entities to the property's taxable value^[1].

Texas Property Tax Appeals and Protests

Individual property owners cannot directly challenge tax rates but are permitted to protest their property taxes by disputing the appraisal district's appraised values before local appraisal review boards^[2] and through subsequent appeals to binding arbitration or District Court if necessary^[3].

Each year, appraisal districts appraise all taxable property within their jurisdiction^[4]. The valuation date is January 1st of the tax year^[5]. Property taxes become delinquent on February 1st of the following year^[6]. If the appraisal district increases a property's appraised value, they will send a notice of appraised value to the taxpayer or their designated representative^[7].

Filing a Property Tax Protest in Texas

Texas property owners can protest the appraisal district's appraised values^[8]. Protests are initiated by filing notices of protest with the county appraisal review board^[9]. The filing deadline is the later of May 15th or 30 days after the value notice is received^[10].

Once a protest is filed, the appraisal review board schedules a hearing^[11]. The taxpayer may appear and offer evidence and argument, in person, through a representative or by affidavit^[12]. During the hearing, taxpayers can request a reduction in appraised value based on **market value** or **equal and uniform value** theories.

Market Value and Equal and Uniform Value Standards in Texas

The Texas Constitution mandates that property taxes “shall be equal and uniform” and “in proportion to its value.”^[13] The Texas Property Tax Code allows a property owner to protest value under both **market value** and **equal and uniform value** grounds^[14]. Ultimately, the taxpayer is entitled to the lesser of the two^[15].

In these hearings, the appraisal district generally bears the burden of proving the property’s market value is accurate and appraised equally and uniformly with other properties^[16]. Following the appraisal review board hearing, the appraisal review board issues its order^[17]. Taxpayers have 60 days to request binding arbitration or file suit in district court^[18].

Pursuing a Property Tax Appeal in Texas District Court

In district court, Texas property owners can seek reduction of the appraised value on either market value or equal and uniform value grounds^[19]. Property Owners may also recover reasonable attorney fees within the limits of Texas^[20].

Market Value is defined as “the price at which a property would transfer for cash or its equivalent under prevailing market conditions if: (A) exposed for sale in the open market with a reasonable time for the seller to find a purchaser; (B) both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and (C) both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.”^[21]

To determine the appropriate appraised value, appraisal districts must use generally accepted appraisal methods and techniques (GAAMT)^[22]. GAAMT includes the Appraisal of Real Estate published by the Appraisal Institute; the Dictionary of Real Estate Appraisal published by the Appraisal Institute; the Uniform Standards of Professional Appraisal Practice published by The Appraisal Foundation and mass appraisal publications^[23].

Methods Used in Determining Texas Property Tax Value

Determination of market value, for property tax assessments in Texas, considers the three approaches to value; the **cost approach**, the **income approach** and the **market data or sales comparison approach**^[24].

1. **Cost Approach:** The **cost approach** is the value “indicated by the current cost of reproducing or replacing the improvements (including indirect costs and entrepreneurial incentive), less depreciation, plus land value.”^[25]
2. **Sales Comparison or Market Data Approach:** The **market data approach or sales comparison approach** is the “value indicated by analysis of sales of comparable properties appropriately adjusted for differences from the subject property.”^[26]

3. **Income Approach:** The **income approach** is the value “indicated by the present value of a property’s earning power, based on the capitalization of income.”^[27]

Equal and Uniform Value: The appraised value is considered equal and uniform if its appraised value is the median of a reasonable number of comparable properties’ appraised values appropriately adjusted^[28].

Conclusion: Texas Property Tax Protests and Appeals

Navigating the Texas property tax appeal and protest process can be complex and full of traps for the inexperienced. With \$82.1 billion collected annually, property tax is one of the highest costs for Texas property owners. Disputing tax assessments with market value and equal and uniform value theories, provides Texas Property Owners the opportunity to lower their tax burden.

Understanding the protest and appeal options allows property owners to make informed decisions ensuring their property tax assessments are fair and equitable.

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[1] Tex. Tax Code § 26.09(c)

[2] Tex. Tax Code § 41.41

[3] Tex. Tax Code § 42.01 and chapter 41A

[4] Tex. Tax Code § 6.01(b)

[5] Tex. Tax Code § 23.01(a)

[6] Tex. Tax Code § 31.02(a)

[7] Tex. Tax Code § 25.19(a) and 1.07

[8] Tex. Tax Code § 41.41(a)

[9] Tex. Tax Code § 41.44(a)

[10] Tex. Tax Code § 41.44(a)(1)

[11] Tex. Tax Code § 41.45(a)

[12] Tex. Tax Code § 41.45(b)

[13] Tex. Const. art. VIII, § 1

[14] Tex. Tax Code § 41.41(a), 41.44(a) and (b)

[15] *Tex. Disposal Sys. Landfill v. Travis Cent. Appraisal Dist.*, 694 S.W.3d 752, 761 (Tex. 2024)

[16] Tex. Tax Code § 41.43(a) and (b)

[17] Tex. Tax Code § 41.47(a)

[18] Tex. Tax Code §§ 41A.03(a) and 42.21(a)

[19] Tex. Tax Code § 42.25 and 42.26

[20] Tax Code § 42.29

[21] Tex. Tax Code § 1.04(7)

[22] Tex. Tax Code § 23.01(b)

[23] Tex. Tax Code § 23.01(h)

[24] Tex. Tax Code §§ 23.0101.

[25] Appraisal Institute, *The Appraisal of Real Estate* page 29 (15th ed.)

[26] Appraisal Institute, *The Appraisal of Real Estate* page 29 (15th ed.)

[27] Appraisal Institute, *The Appraisal of Real Estate* page 29 (15th ed.)

[28] Tex. Tax Code § 42.26(a)(3)