

# Texas Property Tax System

## What is Property Tax?

Property taxes are local taxes that are assessed locally, collected locally and used locally. You pay your property taxes to the local tax collector. The tax collector distributes funds to schools, cities, and other local governments. Local governments spend the funds on schools, roads, hospitals, police departments, fire departments, and other programs.

## Who is responsible for setting Property Taxes?

County Appraisal Districts appraise the value of your property. Appraisal Review Boards settle disputes between taxpayers and property owners. Local Taxing Units set budgets and property tax rates. County Assessor Collectors collect taxes from property owners and distribute the funds to the local taxing units.

## What are my rights under the Texas Constitution?

The constitution sets out five basic principals for property taxes in our state Taxes must be equal and uniform. No single property or type of property should pay more than its fair share. Property must be appraised on its current market value. The price it would sell for when both the buyer and seller seek the best price and neither is under pressure to buy or sell. Each property in a county must have a single appraised value. This is guaranteed by the use of the county appraisal districts. All property is taxable unless federal or state law exempts it from the tax. Property owners have a right to reasonable notice of increases in their appraised property value. More information on the Texas Property Tax Code can be found at [https://comptroller.texas.gov/taxes/property-tax/..](https://comptroller.texas.gov/taxes/property-tax/)

## What are my remedies?

If you believe that your property value determination is too high or if you were denied an exemption or special appraisal valuation, you may protest to your ARB. If you do not agree with the decision of the ARB you may take your case to binding arbitration in some instances or to district court. You may speak during public hearing when your elected officials are deciding how to spend you taxes and are setting the tax rate. You may limit major tax increases through elections to roll back or limit tax rates.

## When is the deadline for paying my property taxes?

Taxes are due when you receive your tax statement. Tax collections begin around October 1 and 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.

## What happens if I don't pay my taxes?

The longer you allow delinquent property taxes to go unpaid, the more expensive

If your property boundaries span more than one county you will receive appraisal notices from each county appraisal district.

# Exemptions

## What exemptions are available?

There are several partial and absolute exemptions available. Some of these exemptions include General Residential Homestead, Over 65, Over 55 Surviving Spouse, Disability Homestead, Disabled Veterans, Charitable, Religious, Freeport and Pollution Control.

## Does my home qualify for an exemption?

As a general rule to qualify for an exemption you must own your home and it must be your principal place of residence. Additional qualifications may apply based on the exemption.

## Will this protect me in case of a lawsuit?

Texas has two distinct laws for designating a homestead. The Texas Tax Code offers homeowners a way to apply for homestead exemptions to reduce local property taxes. The Texas Property Code allows homeowners to designate their homesteads to protect them from a forced sale to satisfy creditors. This law does not, however, protect the homeowner from tax foreclosure sales of their homes for delinquent taxes. For more information on homestead designation as provided by the Texas Property Code please contact the Office of Attorney General at [www.oag.state.tx.us](http://www.oag.state.tx.us)

**How much will I save?**

An exemption removes part of the value of your property from taxation and lowers your tax bill. In addition to the state mandated exemption amounts for school taxes, each taxing unit decides whether to offer the optional exemption and at what percentage. The amount of savings depends on the exemption and the amount of exemption allowed by each taxing units.

**Do I apply for a homestead exemption annually?**

Only a one-time application is required, unless by written notice, the Chief Appraiser requests the property owner to file a new application. However, a new application is required when a property owner's residence homestead is changed.

**I own more than one home, can I get a homestead on both?**

A person may not receive a homestead exemption for more than residence homestead in the same year. You can receive a homestead exemption only for your main or principal residence.

**What if I owned the property before I was married?**

You can still only have one exemption which must be claimed on your principal residence.

**I own my own homestead, but also own a home with my child that they live in. Would they qualify for a homestead?**

They must have ownership interest in the property to qualify and would only receive a portion of the exemption based on the percent of ownership. My exemption fell off from last year, why? Exemptions reflect the January 1 owner. If you purchased a home after January 1st the exemption in place was for the previous owner. You must file an exemption application.

**I forgot to apply for my exemption, can I receive it retroactively?**

You may file a late homestead exemption application if you file it no later than one year after the date the taxes become delinquent.

**Is it true that once I become 65 years of age, I will not have to pay any more taxes?**

No, that is not necessarily true. If you are 65 or older your residence homestead qualifies for more exemptions which will result in greater tax savings. The amount of the exemptions that are granted by each taxing unit is subtracted from the market value of your residence and the taxes are calculated on that "lower value". In addition, when you turn 65, you may receive a tax ceiling for your total school taxes; that is, the school taxes on you residence cannot increase as long as you own and live in that home. The ceiling is set at the amount you pay in the year that you qualify for the aged 65 or older exemption. The school taxes on your home subsequently may fall below the ceiling. If you significantly improve your home (other than ordinary repairs and maintenance), tax ceilings can go up. For example, if you add a room or garage to your home, your tax ceiling can rise. It will also change if you move to a new home.

**When do you apply if you are turning 65?**

You may apply at anytime during the year of that birth date. You would receive the exemption for the full year.

**Do I need to file an application when I turn 65 or is it automatically added?**

The appraisal district can only automatically process the over 65 exemption if it has the appropriate documentation on hand. Your local appraisal district will require proof of age to grant an over 65 exemption. Acceptable proof of age includes either a copy of the front side of your driver's license or a copy of your birth certificate or any official document reflecting your date of birth. It is always best to file an exemption application with the appropriate documents to ensure that the Over 65 exemption is processed.

**If I am disabled and over 65 can I claim both exemptions in the same tax year?**

You may not claim both an Over 65 and a disabled person's exemption in the same tax year.

**I have a disabled child. Would that qualify me for a disabled exemption?**

No, the person applying for the exemption must own the home.

**How do I transfer my senior citizen or disabled person tax ceiling?**

You may transfer the same percentage of school taxes paid to another qualified homestead in the state. If the county, city or special district grants the limitation, you may transfer the same percentage of taxes paid to another qualified homestead within that same taxing unit. To transfer the tax ceiling, you must qualify for an Over-65 or Disabled Person exemption at your previous residence and complete the Tax Ceiling Transfer form. A current Homestead Exemption application must also be completed for the new residence.

#### **What types of exemptions require an annual application?**

The law requires an annual application by April 30 for some types of exemptions, including property exempted from Taxation by Agreement (Property Tax Abatement), Historical and Archeological Sites, exemption of Freeport Goods, and exemption of Pollution Control property approved by the Texas Commission on Environment Quality (TCEQ). Cemeteries, charitable organizations, youth development organizations, religious organizations, and non-profit private schools do not have to reapply for the exemption each year once the property tax exemption is granted, unless by written notice, the Chief Appraiser requests the property owner to file a new application. However, if their exempt property changes ownership or if their qualifications for exemption change, they must re-apply.

## **Property Values**

#### **How do I find out the appraised value of my property?**

The chief appraiser sends out a detailed notice of appraised value to the owner of property annually. The notice of appraised value contains a description of your property, its value, the exemptions and an estimate of taxes that might be owed. Property value information is also available on the website Property Search, or by calling or visiting our offices.

#### **When do you mail Notices of Appraised Value?**

The current years notices of appraised value are typically mailed out mid April of each year. Values on the website are not updated until the notices have been mailed.

#### **How is my property valued?**

The district first collects detailed descriptions of each taxable property in the district. It then classifies properties according to a variety of factors such as size, use and construction type. Using comparable sales, income and/or cost data, a district appraiser will apply generally accepted appraisal techniques to derive a value for your property.

#### **How often does the appraisal district value my property?**

The appraisal district must repeat the appraisal process for each property in the county at least once every three years; however, it can reappraise as often as every year if the market is active in that area.

#### **Why did my value change?**

Value changes may occur for several reasons. Often sales information may indicate the current appraised value is lower/higher than fair market. Also, corrections to appraisal records may affect value, such as, change in square footage, a pool not previously accounted for, or a correction of a property characteristic.

#### **Why are you inspecting my property?**

In order to make accurate appraisals on every property we have to visit them periodically to ensure that the data used in making the appraisal is still correct. For instance, the appraisal district could have received a copy of a building permit indicating that a room was being added.

#### **What is an improvement?**

Improvement means: A building, structure, fixture, or fence erected on or affixed to land; or A transportable structure that is designed to be occupied for residential or business purposes, whether or not it is affixed to land, if the owner of the structure owns the land on which it is located, unless the structure is unoccupied and held for sale or normally is located at a particular place only temporarily.

#### **What is fair market value?**

Fair market value means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if: Exposed for sale in the open market with a reasonable time for the seller to find a purchaser Both the seller and the purchaser know all of 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. Both the seller and the purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

### **What is a Homestead Cap?**

In general, the appraised home value for a homeowner who qualifies his homestead for exemption in the preceding and current year may not increase more than 10 percent per year. The Property Tax Code set a limit on the appraised value of a residence homestead, stating that its appraised value for a tax year may not exceed the lesser of the market value of the property; or, The sum of : 10 percent of the appraised value of the property for last year; The appraised value of the property for the last year in which the property was appraised; and The market value of all new improvements to the property, excluding a replacement structure for one that was rendered uninhabitable or unusable by casualty or by mold or water damage. The appraisal limitation first applies in the year after the homeowner qualifies for the homestead exemption.