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TEXAS PROPERTY TAXES

...and how to protest them.

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PROPERTY TAXES

According to Tax Code Section 25.18, appraisal districts must appraise properties at least once every three years using a mass appraisal technique.

This method often results in errors, as it doesn't account for unique property features, potentially leading to inflated appraisals.

A property tax protest allows homeowners to challenge their property's **market value,** potentially lowering their tax bill.

TAX ASSESSED VALUE VS MARKET VALUE

The **market value** is the estimated selling price based on current market conditions.

The **tax assessed value** is determined by local governments for calculating property taxes and is updated periodically. It is often a percentage of the market value.

i.e. if a property's market value is \$300,000 and the assessed value is \$250,000 with a 1.5% tax rate, the tax owed would be \$3,750.

Property taxes are based on the tax assessed value, not the market value, leading to potential discrepancies.

HOW CAN THESE VALUES CHANGE?

After your estimated property tax bill is released (between March and April), there are two potential ways that your actual property tax bill will change by the end of the year:

1. By protesting the market value.

Note: This only decreases your actual property tax bill if your market value becomes lower than your tax assessed value. Even if this is not successful one year, it's still good to try to keep the market value down for the future.

2. If your estimated tax rate % changes.

Your estimated tax bill uses an estimated tax rate %. The proposed rate for the year is then released in August, before being officially confirmed in October.

CRUCIAL DATES

January-March: Appraisal districts start determining home values.

March-April: Estimated property tax bills are sent out.

May 15th: Deadline to file a "Notice of Protest" (or 30 days after the estimated property tax bills are mailed-whichever is latest).

June: Potential informal meetings with appraisal staff. If you still disagree you can take it to an arbitration board.

June-August: Potential formal arbitration board hearings take place.

August: Proposed tax rate % released. You can now access your estimated taxes online.

October: Tax rate % confirmed and tax bill is sent out.

January 31st: Property tax payment deadline.

HOMESTEAD EXEMPTION

The home that you live in is entitled to a homestead exemption and limitation.

The general residence **homestead exemption** in Texas is a \$100,000 school tax exemption. This means that your school taxes are calculated as if your home is worth \$100,000 less than its appraised value.

For example, if a property's appraised value is \$400,000, you will only be taxed on \$300,000.

HOMESTEAD LIMITATION

AKA RESIDENCE HOMESTEAD CAP

The home that you live in is also entitled to a homestead limitation.

The **homestead limitation** caps the taxable value increase of a property at 10% annually plus any new improvements.

For example, if a property's market value rises from \$400,000 one year to \$460,000 the next, the appraised value with the cap would be a maximum of \$440,000 (not including the exemption).

New improvements, like a \$20,000 pool, are added separately to the capped value.

The cap starts the January 1 following the exemption qualification.

HOW DO I PROTEST?

(AND FILE HOMESTEAD EXEMPTION)

To protest property taxes you will first need to find your property profile on your local appraisal districts website. This is also where you can file a homestead exemption.

All Texas appraisal district websites can be found here: [Texas CAD Websites](#)

Once you've found your property, check the following:

- **Property details** are correct (age, size, construction materials etc)
- Any **recorded improvements** are correct
- Existing **exemptions** have been recorded (and potentially find other exemptions that may apply to you within your district)

Next, look at **comparable sales** within the neighborhood and check tax records to see if comparable properties are taxed at a similar amount.

Finally, note any **property defects** with photographs, and get professional opinions/quotes as evidence.

Using everything that you've found, you can now upload all of this evidence, along with a *closing statement online at your Texas CAD website profile to file your protest.

***closing statement** is simply a text document outlining all of the evidence that you've found. Various examples can be found online.

WHAT IF I PAY INTO A MONTHLY ESCROW ACCOUNT?

If your final tax bill is more, or less than the estimated bill, your mortgage service provider will notify you.

If your final tax bill **decreases...**

Any overpaid amounts are normally credited back to your escrow account. Significant overpayments might be refunded.

If your final tax bill **increases...**

You may need to pay the difference or spread the extra amount over future payments.

Finally, your mortgage service provider will then adjust future payments.

HOW CAN I HELP?

Although I am not a qualified appraiser or tax attorney, feel free to ask for any assistance.

I can either help with the process or by identifying comparable properties and checking any tax records.

There are also a number of reputable service providers that can help you comprehensively through the entire process should you wish.

Go to the Texas Law Help website for more information: [Texas Law Help](#)