

Disputing Values and Other Property Appraisal Matters

Property owners have the right to protest values and other matters to an appraisal review board in each county. Protest determinations may be appealed. This administrative and judicial review process provides taxpayers with due process and full adjudication of appraisal disputes.

Things to Know

- Article VIII, Section 18 of the Texas Constitution requires that the Legislature provide for equalization of value through a single board for each appraisal entity. The boards may not be composed of elected officials.
- The Property Tax Code created county appraisal review boards to hear taxpayer protests concerning values, exemptions, ownership, qualification for special appraisals, and other matters.
- The Code authorizes appeals in district court in the county in which the property is located when taxpayers are dissatisfied with appraisal review board determinations.
- The remedies of the Code are exclusive, thus requiring completion of the appraisal review process before judicial review of appraisal disputes. Only if a hearing is not provided may a taxpayer file a direct appeal in district court.
- Two other appeal mechanisms are available to taxpayers.

Springtime may bring bluebonnets and Indian Paintbrushes to Texas fields, but it also brings property appraisal notices from local appraisal offices. Owners or authorized lessees of property may contest those values and other property appraisal matters through the filing of protests with appraisal review boards (ARB). Typically, a taxpayer may first request an informal meeting with appraisal district staff prior to an ARB hearing. If the taxpayer is not satisfied with the result of the meeting, an ARB protest hearing is the next step.

In counties with populations of 120,000 or more, local administrative district judges appoint ARB members. In less populous counties, the members are appointed by the appraisal district boards of directors. Certain qualifications for membership are required, including two years of residency in the county. Per diem compensation for ARB members is authorized and paid from appraisal district budgets.

Timely protests to the ARB may be filed by regular mail or electronically, generally by May 15 or 30 days after notices of appraised value are delivered, whichever date is later. Failure to file a notice of protest timely will preclude ARB review.

Notices of ARB hearings must be provided at least 15 days before hearings. Hearings may be postponed in certain situations. Taxpayers are entitled to access material that will be used by the appraisal district as evidence. Hearings are generally open to the public and may be conducted in person or by affidavit.

Disputing Values and Other Property Appraisal Matters

The appraisal district has the burden of proof concerning value and equal appraisal and must establish value by a preponderance of evidence. If the district fails to do so, the ARB is required to find in favor of the taxpayer. In hearings concerning other appraisal disputes, such as exemption eligibility, taxpayers have the burden of proof.

An ARB must substantially complete the hearing process and approve the appraisal records by July 20. An exception exists for counties with populations of one million or more; boards of directors are permitted to extend the approval deadline to August 30.

Orders determining protest must be delivered by the ARB to the protesting parties by certified mail. If dissatisfied with the decision of the ARB, a taxpayer may appeal by:

- filing a lawsuit in district court in the county in which the property is located within 60 days of receiving the ARB order;
- requesting binding arbitration within 45 days of receiving the ARB order with the appraisal district for residence homestead property of any value or other property valued at \$5 million or less; or
- filing an appeal within 30 days of receiving the ARB order with the appraisal dis-

trict for referral to the State Office of Administrative Hearings (SOAH) for a binding determination concerning property valued at \$1 million or more.

Each appeal process has different requirements and costs. The process for binding arbitration is governed by the Property Tax Code and rules adopted by the Comptroller. The Comptroller is responsible for appointing arbitrators and administering the program. The SOAH process is governed by the Government Code and rules.

Before pursuing an appeal, a taxpayer must pay taxes on the value that is not in dispute. In exemption cases, no tender is required because the entire value is disputed. Failure to make a timely tender of taxes is jurisdictional error, resulting in dismissal of the appeal.

In cases appealed to district court, a taxpayer who prevails in a value or unequal appraisal dispute or other authorized matter may be awarded reasonable attorney's fees up to \$100,000. Fees are based on amount of tax liability. A prevailing taxpayer is entitled to a tax refund based on the difference between taxes paid and the amount for which the taxpayer is liable as determined by the court, plus interest of 9.5% calculated from the delinquency date until the refund is paid by the applicable taxing units.

Determination of Property Value and Dispute Resolution

