



# **TTARA**

## **Property Tax 101**

**Carl Walker, Senior Analyst**  
**November 12, 2024**

**TEXAS TAXPAYERS**  
**TTARA**  
**AND RESEARCH ASSOCIATION**



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***Note: You must submit your credit to the appropriate organizations.***

CELEBRATING

50 Years

## Join Us at TTARA's 2024 Annual Meeting

**November 21-22, 2024**

Hyatt Regency Austin  
208 Barton Springs Rd., Austin, TX 78704

TEXAS TAXPAYERS  
**TTARA**  
AND RESEARCH ASSOCIATION

Contact Alexandra Bello for sponsorship opportunities: [abello@ttara.org](mailto:abello@ttara.org)

### • Annual Meeting Agenda

#### • **Thursday – November 21<sup>st</sup>**

- Tax Developments Across the States
- Report from the Comptroller's Office
- Networking Lunch
- Reinvigorating R&D Incentives in Texas
- Report on the Appraisal Cap Study
- Amicus Briefs in the Texas Judiciary

#### • **Friday – November 22<sup>nd</sup>**

- Engaging Local Gov't: The Long Game
- Tax Burden Shift
- Political Panel
- Keynote Luncheon



TEXAS TAXPAYERS  
**TTARA**  
AND RESEARCH ASSOCIATION



# Agenda:

- Learning objectives
- Brief history of property tax in Texas
- How much do we pay in property taxes?
- Two distinct and separate processes
  - Appraisal process
  - Budget and tax rate-setting process
- Key topics and considerations
- Concluding comments and Q&A



# Learning Objectives

- Key Constitutional Provisions
  - **Equal and Uniform**
    - Article VIII §1(a) – *“Taxation shall be equal and uniform.”*
  - **In Proportion to Value**
    - Article VIII §1(b) – *“All real property and tangible personal property in this State, unless exempt...shall be taxed in proportion to its value, which shall be ascertained as may be provided by law.”*
- Key Statutory Provision
  - **Market Value on January 1**
    - Texas Tax Code §23.01(a) – *“all taxable property is appraised at its market value as of January 1”*

# Learning Objectives

## Property Tax Equation

$$\text{Value} \times \begin{matrix} \text{Tax} \\ \text{Rate} \end{matrix} = \text{Levy}$$

- **Key Learning Objective:** *Relationships matter*
  - Value should have an **indirect relationship** to the tax rate
  - Tax Rates have a **direct relationship** to the levy

# History Lesson

## Pre-Peveto Bill

- Decentralized appraisals
- Poorly and unequally administered by thousands of tax offices

## Post-Peveto Bill

- Centralized appraisal districts
- Professionally-staffed districts
- Equitable and efficient value process
- A single market value



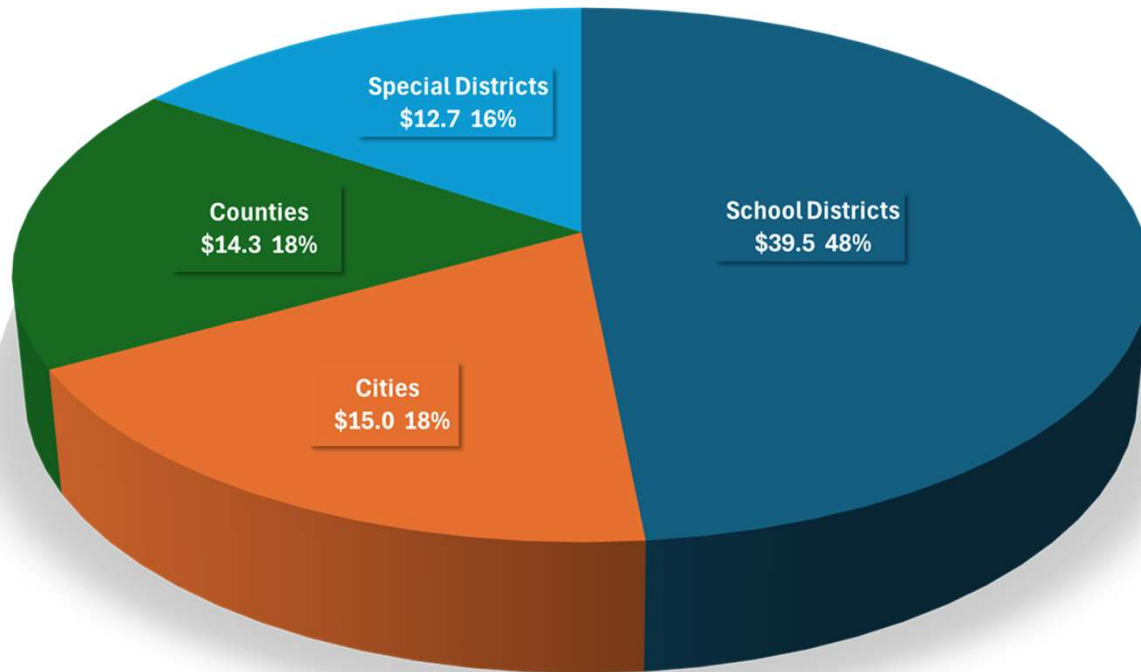


# History Lesson

- Two key reforms in 2019 (86<sup>th</sup> Regular Session)
  - **SB 2 – Appraisal and taxing unit reforms other than school districts**
    - Removed estimated taxes from appraisal notices
    - Re-defined truth-in-taxation tax rates
      - No-New-Revenue Tax Rate and Voter-Approval Tax Rate
    - 3.5% annual revenue increase for cities, counties
    - Created the real-time tax notice
  - **HB 3 – School Finance Reforms**
    - Rebalanced funding between local and state funds
    - Created equity band to allow for state buy-down (compression) of school district M&O tax rates
    - 2.5% annual revenue increase for school districts + hold harmless

# How much do we pay in property taxes?

**2023 Property Tax Levy \$81.5 Billion (prelim)**



- 2023 State Tax Coll. - \$82.145
  - Sales Tax - \$46.581
  - Oil & Natural Gas Prod. Tax - \$9.281
  - Motor Vehicle Sales Tax- \$6.822
  - Motor Fuels Tax - \$3.832
  - Franchise Tax - \$6.820
  - All Other State Taxes - \$8.809

Data Source: Comptroller's Property Tax Rates and Levies; ISD Self Reports

# 2025 State Tax Competitiveness Index

## Texas | #7 Overall

Category	Rank	Rank Change	Score
Overall	7	0	6.00
Corporate Taxes	46	0	3.94
Individual Income Taxes	1	0	10.00
Sales Taxes	36	0	4.21
Property Taxes	40	-2	4.29
Unemployment Insurance Taxes	30	-1	4.76

Data Source: Tax Foundation's 2025 State Tax Competitive Index

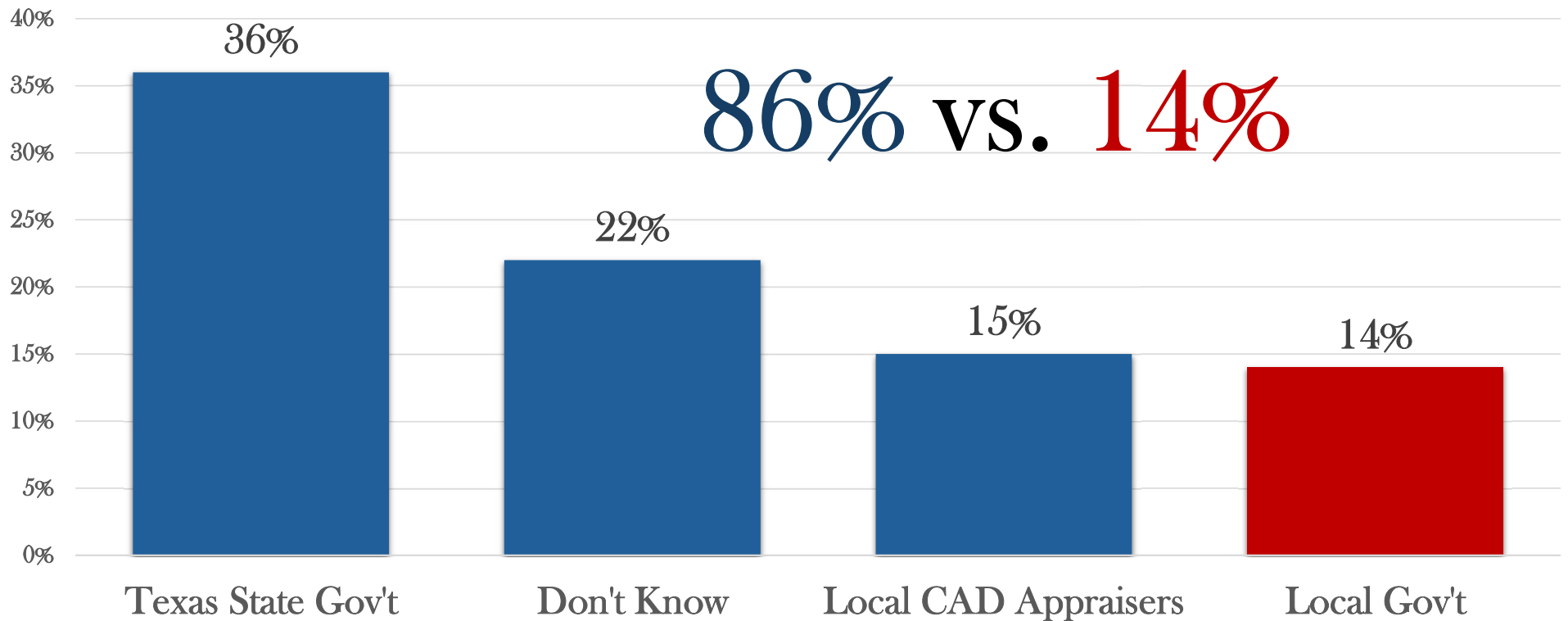
### Tax Foundation:

“In 2023, Texas voted to increase the homestead exemption on residential property from \$40,000 to \$100,000 (\$110,000 for the elderly, disabled, and disabled veterans).

***While seemingly beneficial for taxpayers, homestead exemptions are nonneutral and tend to shift the tax burden to commercial property and renters.*** Moreover, a

significantly increased homestead exemption could deny local governments the funding needed to properly resource public services, including education.”

# Who is at fault for high property taxes?



Redfield & Wilton Strategies/Newsweek Poll

# What is Taxable?

## Individual

- Real Property
  - Land
  - Buildings
  - Structures



## Business

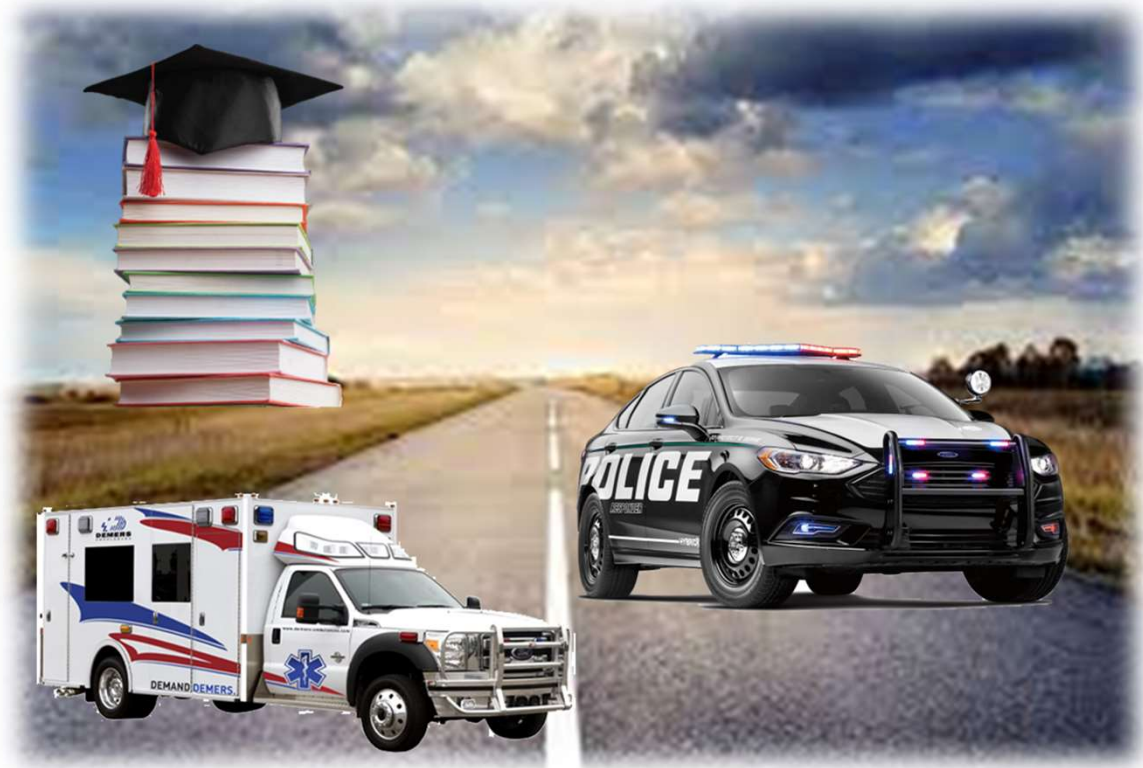
- Real Property
  - Land
  - Buildings
  - Structures
- Personal Property
  - Inventory
  - Office Furniture
  - Equipment



# Who taxes it and what does it pay for?

## Local Taxing Jurisdictions

- School Districts
- Counties
- Cities
- Special Districts
  - Road Districts
  - Hospital Districts
  - Municipal Utility Districts (MUD)





# Two distinct and separate processes

**Value** **X** **Tax Rate**

## **Appraisal Process**

Determines a property owner's proportionate share of the total tax burden

## **Budget and Tax Rate Process**

Determines property owner's tax bill

# Two distinct and separate processes

**Value** **X** **Tax Rate**

## **Appraisal Process**

Determines a property owner's proportionate share of the total tax burden

## **Budget and Tax Rate Process**

Determines property owner's tax bill





# Appraisal Process

- **Central Appraisal Districts** (CAD) are tasked with determining market value within the county's boundaries.
- CAD is governed by a **Board of Directors** (BOD)
  - Nominated and approved by the taxing units
  - Populous counties have 3 elected BOD
- Board of Directors appoints a **Chief Appraiser**

# Appraisal Process

- Tax Code requires all taxable property to be appraised at ***market value as of January 1***
  - Appraisals are *intended* to move with the market.
- Generally accepted appraisal methods and techniques must be used.
  - IRL: Appraisal is an objective, data-driven process
- Aims to be objective, is somewhat subjective IRL, but is never discretionary.





# Appraisal Process

***STEP 1: Notice of Appraised Value*** sent by the chief appraiser to property owners

- **April 1** for residence homesteads
- **May 1** for any other property

***STEP 2 (optional): Notice of Protest*** filed by the property owner

- By **May 15th** or 30 days after the Appraisal Notice.
- Informal hearing with CAD
- Appraisal Review Board (ARB)



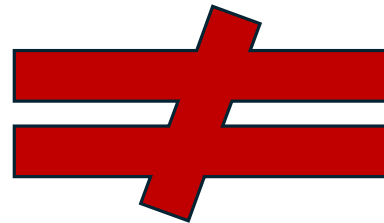
# Appraisal Process

- ***Appraisal Review Boards*** are citizens appointed by the local administrative judge.
- *Independent* from the CAD and chief appraiser.
- However, in populous counties – CAD BOD now appoints the ARB

# Appraisal Process

- *Appraisal Review Boards*

**Protesting  
Market  
Value**



**Protesting  
Taxes**



# Market Value vs. Taxable Value

- What is Market Value?
  - Willing Buyer + Willing Seller in an arms-length transaction
  - Intended to move with the market
- What is Taxable Value?
  - Taxable value is that in which property tax is assessed
  - Taxable value is *calculated* based on the law
  - Taxable value is market value minus the following examples:
    - Homestead exemption
    - 10% appraisal cap for homesteads

# Two distinct and separate processes

**Value X Tax Rate**

## Appraisal Process

Determines a property owner's proportionate share of the total tax burden

**Values** 

## Budget and Tax Rate Process

Determines property owner's tax bill

**Tax Rates** 



# Budget and Tax Rate Process

- ***Who determines your Tax?***





# Budget and Tax Rate Process

- ***Who determines your Tax?***
  - **State Legislature** *does not* determine your property tax
    - All forms of state property taxation were abolished in 1982



# Budget and Tax Rate Process

- ***Who determines your Tax?***
  - **State Legislature** *does not* determine your property tax
    - All forms of state property taxation were abolished in 1982
  - **Appraisal districts** *do not* determine your property tax
    - Appraisal district is only charged with determining the proportionate share the tax through market appraisal



# Budget and Tax Rate Process

- ***Who determines your Tax?***
  - **State Legislature** *does not* determine your property tax
    - All forms of state property taxation were abolished in 1982
  - **Appraisal districts** *do not* determine your property tax
    - Appraisal district is only charged with determining the proportionate share the tax through market appraisal
  - **Local taxing units** *do* determine your property tax
    - Adopt tax rates needed to raise tax revenue sufficient to fund spending approved in their budgets

*Until the **budget** and corresponding tax rate to fund the **budget** are adopted your tax is .....**ZERO!***



# Budget and Tax Rate Process

- ***Who determines your Tax?***
  - In other words:
    - Value does **NOT** determine tax
    - Tax Rate **DOES** determine tax
    - Local Government Budgets **DRIVE** tax rates
      - Locally elected officials **DETERMINE** budgets

*Until the **budget** and corresponding tax rate to fund the **budget** are adopted your tax is .....**ZERO!***

***Tax rate** is within the **discretion** of local elected officials  
(unlike appraisals, which must be market value)*



# Who are these elected officials?

- ***Local Governments*** that set the tax rates that calculate your property tax bill and collect property taxes through locally elected officials
  - School Trustees
  - City Council Members
  - City Mayor
  - County Commissioners
  - County Judge

# Budget and Tax Rate Process



- ***An Introduction to School Finance in Texas***
  - School District M&O is funded by both local funds and state funds
  - School District I&S is 100% local funds



# Budget and Tax Rate Process

- ***Budget Adoption***
  - Local Government Code
    - Cities and Municipalities – Chapter 102
    - Counties – Chapter 111
  - Special Districts – Information by individual district in Special District Local Laws Code

# Budget and Tax Rate Process

- ***Budget Adoption*** in general
  - Annual budgets are required
  - Adoption timing based on type of taxing unit
  - Key is the amount of ***property tax revenue*** needed to fund the expenditures of the budget







# Budget and Tax Rate Process

- ***Truth-in-Taxation (TNT)***
  - What is it?
    - Article VIII §21 of the Texas Constitution
    - Require local taxing units to notify taxpayers of tax increases and allow taxpayers the opportunity to limit tax increases

# Budget and Tax Rate Process

## Adopted Budget and Tax Rates for Fiscal Year 2025

On September 19, 2024, Commissioners Court adopted FY2025 budgets for Harris County and the Harris County Flood Control District. The Court also adopted the Harris County tax rates for tax year 2024 which corresponds to County fiscal year 2025. The Flood Control tax rates, previously adopted by Commissioners Court on August 15, 2024, are higher than the Voter Approval Rate and are therefore subject to a tax rate election on November 5, 2024 at which the voters may approve or reject the adopted rates. If the adopted tax rates are rejected by the voters, the 2024 Flood Control tax rates will revert to the Voter Approval Rate.

Property taxes related to both the Maintenance & Operations (M&O) and Debt Service (I&S) components for Harris County and Harris County Flood Control District are presented below to ensure compliance with Texas Local Government Code § 111.068, which requires select information to be presented in 18-point font.

## Harris County Budget

This budget will raise more revenue from property taxes than last year's budget by an amount of \$244,831,565, which is a 10.67 percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$60,564,868.

## The record vote for the adoption of the FY2025 Harris County budget was:

For: Commissioners Rodney Ellis, Adrian Garcia, Leslie Briones, County Judge Lina Hidalgo  
Against: Commissioner Tom Ramsay

- ***Budget Cover Page*** is the key element of the budget
- Amount of property tax revenue increase
- More revenue means *property tax increase*

# Budget and Tax Rate Process

- ***Elements of a Tax Rate***
  - **Maintenance & Operations (M&O)**
    - Funds general operations
  - **Interest & Sinking (I&S)**
    - Pays debt service obligations





# Budget and Tax Rate Process

- ***No-New-Revenue Tax Rate***
  - What is it?
    - Rate that will generate the previous year's revenue when applied to current values of properties on last year's tax roll.
- Key valuation adjustment – New Value



# Budget and Tax Rate Process

- ***Voter Approval Tax Rate***
  - What is it?
    - Rate that triggers an automatic ratification election to obtain voter permission to exceed voter-approval rate
  - Key Trigger – 3.5% growth
    - Certain Special Districts – 8% growth



# Budget and Tax Rate Process

- ***Proposed Tax Rate***
  - What is it?
    - Rate that will be put up for a vote of the governing body to generate the desired level of revenue needed to fund the expenditures of the budget



# Budget and Tax Rate Process

- ***Adopted Tax Rate***

- What is it?

- Rate that has been voted by the governing body to generate the desired level of revenue needed to fund the expenditures of the budget
- Final rate applied to taxable property in the jurisdiction
- An adopted rate above the voter-approval rate could trigger an election



# Budget and Tax Rate Process

- **Hearings on budget and tax rate**
  - Texas.gov/PropertyTaxes
  - Each taxing unit is required to provide the following information:
    - Property value
    - Each taxing unit's no-new-revenue, voter-approval, and proposed tax rates and taxes due at those rates
    - Link for electronic submission of comments/opinions
    - Date, time, and place of hearings

## Property Tax Transparency in Texas

The budgets adopted by taxing units and the tax rates they set to fund those budgets play a significant role in determining the amount of taxes each property owner pays. In 2019, the Texas Legislature passed legislation to help Texans better understand tax rates in their home county. You can access timely information about how local tax rate decisions affect your tax bill on your county's Truth in Taxation website.

[Find your county's website](#)





Account #

Owner  
**SMITH JOHN**

Property Address

Your 2024 Market Value  
**\$260,116**

### A SUMMARY OF YOUR PROPERTY

#### 2024 PROPERTY TAXES



Taxing Entity	2024 No New Revenue Rate Taxes <sup>i</sup>	2024 Proposed Tax Rate Taxes <sup>i</sup>
HOUSTON ISD	\$827.01	\$837.83
HARRIS COUNTY	\$691.18	\$757.06
HARRIS CO FLOOD CNTRL	\$60.91	\$96.22
PORT OF HOUSTON AUTHY	\$11.40	\$12.08
HARRIS CO HOSP DIST	\$282.02	\$321.22
HARRIS CO EDUC DEPT	\$9.43	\$9.43
HOU COMMUNITY COLLEGE	\$184.22	\$196.08
CITY OF HOUSTON	\$1,021.61	\$1,020.16
<b>TOTAL TAX BILL</b>	<b>\$3,087.78</b>	<b>\$3,250.08</b>

Account #

Owner  
**SMITH JOHN**

Property Address

Your 2024 Market Value  
**\$260,116**

# HARRIS COUNTY

Taxing Unit Code: 040

- Rates**
- Hearings
- Contact Details
- Historical Tax Rates
- Feedback

**Taxable Value:** \$196,491

	2024 No New Revenue	2024 Proposed	Difference	2024 Voter Approval	2024 Adopted
<b>Rate</b>	0.351760	0.385290	\$65.88	0.385290	0.385290
<b>Amount</b>	\$691.18	\$757.06		\$757.06	\$757.06
<b>Worksheet</b>	<a href="#">2024 No New Revenue Worksheet</a>	<a href="#">Worksheet</a>		<a href="#">Worksheet</a>	<a href="#">Adopted Tax Rate Statement</a>



Account #

Owner  
**SMITH JOHN**

Property Address

Your 2024 Market Value  
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**HARRIS COUNTY**

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**2024 Tax Rate Calculation Worksheet**  
Taxing Units Other Than School Districts or Water Districts

Form 50-856

Harris County 713-755-5000  
 Taxing Unit Name: 1001 Preston, 9th Floor, Houston, Texas 77002  
 Phone (area code and number): https://www.harriscountytx.gov/  
 Taxing Unit's Address, City, State, ZIP Code Taxing Unit's Website Address

**GENERAL INFORMATION:** Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue (NNR) tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per \$100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

School districts do not use this form, but instead use Comptroller Form 50-859 Tax Rate Calculation Worksheet, School District without Chapter 313 Agreements or Comptroller Form 50-884 Tax Rate Calculation Worksheet, School District with Chapter 313 Agreements.

Water districts as defined under Water Code Section 49.001(1) do not use this form, but instead use Comptroller Form 50-858 Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts or Comptroller Form 50-860 Developed Water District Voter-Approval Tax Rate Worksheet.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

**SECTION 1: No-New-Revenue Tax Rate**

The NNR tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the NNR tax rate should decrease.

While uncommon, it is possible for a taxing unit to provide an exemption for only maintenance and operations taxes. In this case, the taxing unit will need to calculate the NNR tax rate separately for the maintenance and operations tax and the debt tax, then add the two components together.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	<b>Prior year total taxable value.</b> Enter the amount of the prior year taxable value on the prior year tax roll today. Include any adjustments since last year's certification; exclude Tax Code Section 25.25(d) one-fourth and one-third over-appraisal corrections from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2) and the captured value for tax increment financing (adjustment is made by deducting TIF taxes, as reflected in Line 17). <sup>1</sup>	\$ 537,921,966.422
2.	<b>Prior year tax ceilings.</b> Counties, cities and junior college districts. Enter the prior year total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision last year or a prior year for homeowners age 65 or older or disabled, use this step. <sup>2</sup>	\$ 0
3.	<b>Preliminary prior year adjusted taxable value.</b> Subtract Line 2 from Line 1.	\$ 537,921,966.422
4.	<b>Prior year total adopted tax rate.</b>	\$ 0.35007 /\$100
5.	<b>Prior year taxable value lost because court appeals of ARB decisions reduced the prior year's appraised value.</b>	
	A. Original prior year ARB values:.....	\$ 84,252,734.996
	B. Prior year values resulting from final court decisions:.....	-\$ 74,099,789.859
	C. Prior year value loss. Subtract B from A. <sup>3</sup>	\$ 10,152,945.137

Account #

Owner  
**SMITH JOHN**

Property Address

Your 2024 Market Value  
**\$260,116**

# HARRIS COUNTY

- Rates**
- Hearings
- Contact Details
- Historical Tax Rates
- Feedback

Taxable Value: \$196,491

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## NOTICE OF PUBLIC HEARING ON TAX INCREASE

40

A tax rate of \$0.38529 per \$100 valuation has been proposed by the governing body of Harris County.

PROPOSED TAX RATE	\$0.38529 per \$100
NO-NEW-REVENUE TAX RATE	\$0.35176 per \$100
VOTER-APPROVAL TAX RATE	\$0.38529 per \$100

The no-new-revenue tax rate is the tax rate for the 2024 tax year that will raise the same amount of property tax revenue for Harris County from the same properties in both the 2023 tax year and the 2024 tax year.

The voter-approval rate is the highest tax rate that Harris County may adopt without holding an election to seek voter approval of the rate.

The proposed tax rate is greater than the no-new-revenue tax rate. This means that Harris County is proposing to increase property taxes for the 2024 tax year.

A PUBLIC HEARING ON THE PROPOSED TAX RATE WILL BE HELD ON September 19, 2024 AT 10:00 am AT 1001 Preston, 1st Floor, Houston, Texas 77002.

The proposed tax rate is not greater than the voter-approval tax rate. As a result, Harris County is not required to hold an election at which voters may accept or reject the proposed tax rate. However, you may express your support for or opposition to the proposed tax rate by contacting the members of the Commissioners Court of Harris County at their offices or by attending the public hearing mentioned above. YOUR TAXES OWED UNDER ANY OF THE RATES MENTIONED ABOVE CAN BE CALCULATED AS FOLLOWS:

Property tax amount= (tax rate) x (taxable value of your property)/100

**FOR the proposal:** Judge Lina Hidalgo  
Commissioner Adrian Garcia  
Commissioner Rodney Ellis  
Commissioner Lesley Briones

**AGAINST the proposal:** Commissioner Tom S. Ramsey, P.E.

**PRESENT** and not voting:  
**ABSENT:**

Visit [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

The following table compares the taxes imposed on the average residence homestead by Harris County last year to the taxes proposed to be imposed on the average residence homestead by Harris County this year.

	2023	2024	Change
<b>Total tax rate (per \$100 of value)</b>	\$0.35007	\$0.38529	increase of 0.03522 per \$100, or 10.06%



**Harris County, Texas**  
**Commissioners Court**  
 Request for Court Action

1001 Preston St., 1st Floor  
 Houston, Texas 77002

File #: 24-5556      Agenda Date: 9/19/2024      Agenda #: 377.

Department: Management and Budget  
 Department Head/Elected Official: Daniel Ramos

Regular or Supplemental RCA: Regular RCA  
 Type of Request: Tax Rate

Project ID (if applicable): NA  
 Vendor/Entity Legal Name (if applicable): NA

MWDBE Contracted Goal (if applicable): NA  
 MWDBE Current Participation (if applicable): NA  
 Justification for 0% MWDBE Participation Goal: N/A - Goal not applicable to request

**Request Summary (Agenda Caption):**  
 Request by the Office of Management and Budget for discussion and possible adoption of the proposed 2024 tax rate of \$.38529 for Harris County.

**Background and Discussion:**  
 On September 10, 2024, Commissioners Court proposed the 2024 tax rate for Harris County and set a public hearing on the tax rate for September 19, 2024. The 2024 proposed and 2023 adopted rates are:

**Proposed 2024 Tax Rates Per \$100 of Value**

	2024 Proposed	2023 Adopted	Change \$	Change %
Harris County Maint	\$0.33454	\$0.30281	\$0.03173	10.5%
Harris County Debt (	\$0.05075	\$0.04726	\$0.00349	7.4%
<b>Harris County Total</b>	<b>\$0.38529</b>	<b>\$0.35007</b>	<b>\$0.03522</b>	<b>10.1%</b>

Property Address

Your 2024 Market Value  
**\$260,116**

Taxing Unit Code: 040

	2024 Voter Approval	2024 Adopted
38	0.385290	0.385290
	\$757.06	\$757.06

[Worksheet](#)      [Adopted](#)  
[Tax Rate](#)  
[Statement](#)





Account #	Owner <b>SMITH JOHN</b>	Property Address	Your 2024 Market Value <b>\$260,116</b>
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## HARRIS COUNTY

Taxing Unit Code: 040

- Rates
- Hearings**
- Contact Details
- Historical Tax Rates
- Feedback

### Hearing

-  NOTICE OF PUBLIC HEARING
-  NOTICE OF PUBLIC HEARING

### Date & Time

- [2024-08-15 10:00:00 am](#)
- [2024-09-19 10:00:00 am](#)

### Location

- 1001 Preston, 1st Floor, Houston, Texas 77002
- 1001 Preston, 1st Floor, Houston, Texas 77002



Account #

Owner

**SMITH JOHN**

Property Address

Your 2024 Market Value

**\$260,116**

## HARRIS COUNTY

Taxing Unit Code: 040

Rates

Hearings

Contact Details

Historical Tax Rates

Feedback

### Taxing Unit Contact Info

Taxing Unit Name: HARRIS COUNTY

Website: <http://www.harriscountytexas.gov>

Phone Number: (713) 274-8000

Email: [tax.office@hctx.net](mailto:tax.office@hctx.net)

### Tax Assessor Collector

Assessor Collector: ANN HARRIS BENNETT

Website: <http://www.hctx.net>

Phone Number: (713) 274-8000

Email: [tax.office@hctx.net](mailto:tax.office@hctx.net)

### Budget & Tax Rates

Budget & Rate Information: No Document



Account #

Owner  
**SMITH JOHN**

Property Address

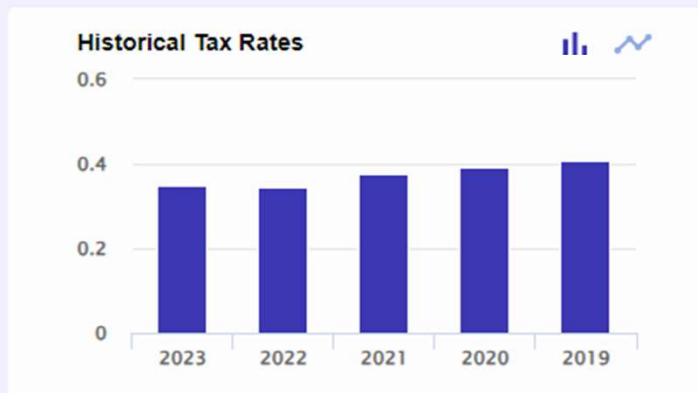
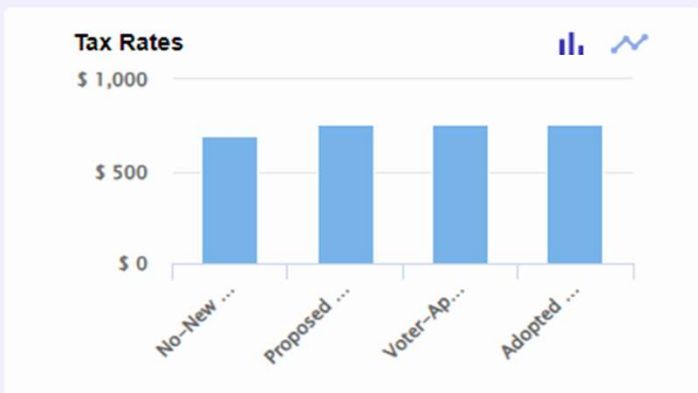
Your 2024 Market Value  
**\$260,116**

# HARRIS COUNTY

Taxing Unit Code: 040

- Rates
- Hearings
- Contact Details
- Historical Tax Rates**
- Feedback

	No New Revenue	Voter Approval Rate	Proposed Rate	Adopted Rate
2023	0.309720	0.350070	0.350070	0.350070
2022	0.343730	0.358830	0.357810	0.343730
2021	0.372230	0.378140	0.376930	0.376930
2020	0.391160	0.391560	0.391160	0.391160
2019	0.407130	0.432900	0.432900	0.407130







Account #	Owner <b>SMITH JOHN</b>	Property Address	Your 2024 Market Value <b>\$260,116</b>
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## HARRIS COUNTY

Taxing Unit Code: 040


- Rates
- Hearings
- Contact Details
- Historical Tax Rates
- Feedback**

### Provide Feedback to Your Taxing Authority

As part of the new Texas tax transparency laws, we are providing the ability for taxpayers to submit comments to their taxing units. Take advantage of this by providing input in regards to adopted budgets, hearings, tax rates, and any other topic regarding property taxes in your area.  
We ask that all comments remain professional and courteous. Upon submission, your comment will be forwarded to taxing unit representatives.

### Comment

### Feedback Questions

 I'm not a robot   
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# Budget and Tax Rate Process

- ***Bond Elections***

*“I have voted for every park, every library, all the school improvements, for the light rail, for anything that will make this city better, But now I can’t afford to live here”*

Bond election quote from an Austin American Statesman Article, circa 2014



# Budget and Tax Rate Process

- ***Bond Elections***

- Every bond election is a vote for or against a

**TAX INCREASE**

- Disclaimer: Not all bond elections are wasteful tax increases, some capital projects financed by the bond election are very much needed in the community



# Budget and Tax Rate Process

- ***I&S or Debt Rate***

- Debt Service is the annual payment of all approved bond elections plus some nonvoter-approved debt

$$\text{Debt Rate} = \text{Debt Service} / \text{Tax Roll}$$

- ***Relationships matter***

- As debt service increases, the debt rate increases
- As taxable value increases, the debt rate decreases

# Property tax relief within the two processes

## Value **X** Tax Rate

- **Appraisal Process**
- Exemptions & Limitations
  - Shift the tax burden onto property owners who do not have an exemption or limitation

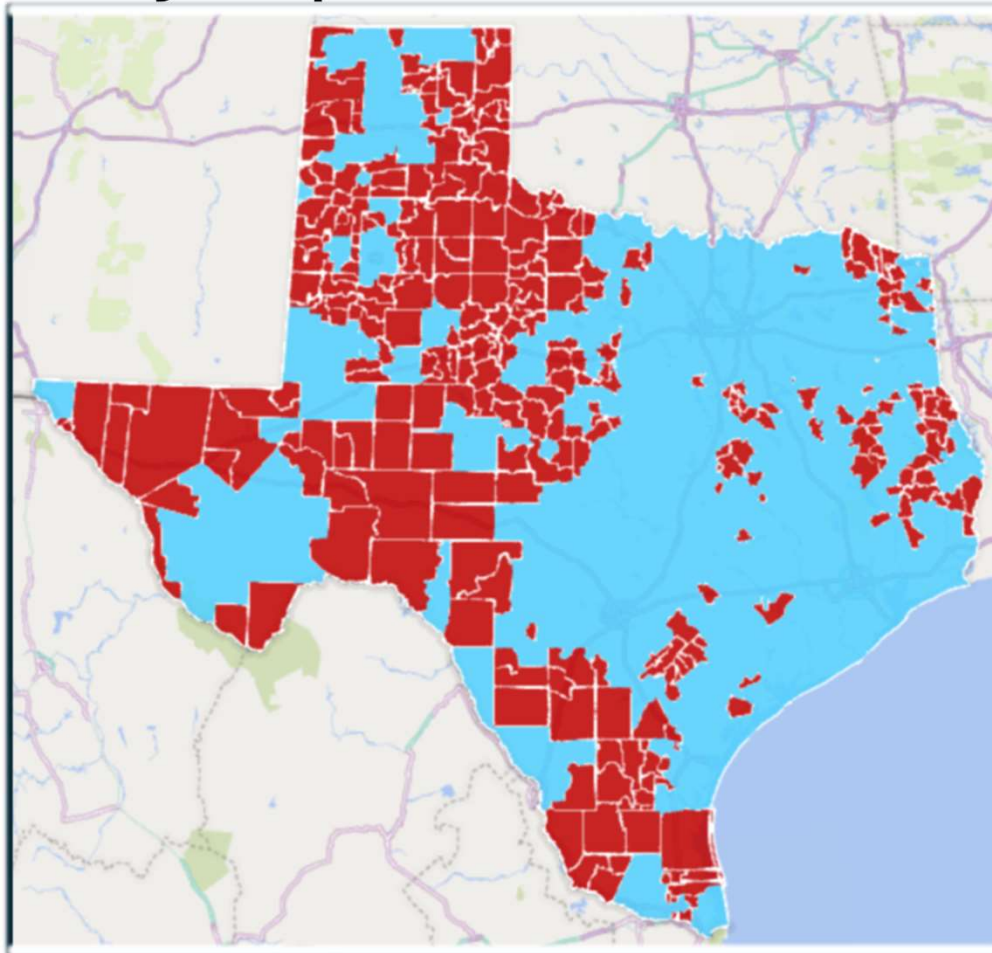
- **Budget and Tax Rate Process**
- Limitation of Tax Revenue & Tax Rates
  - Controls the amount of tax revenue and tax rates while equitably spreading the relief to all owners



# Key Topics and Considerations

- Historical increases & relief in property tax levies
- Provisions to assist with affordability
- Burden shifting
- Property Tax 201

# Key Topics and Considerations



- ***School District Residence Homestead Exemption***
  - 2023 statewide average home value = \$330,920
  - 308 Districts (30%) <\$100,000
    - Mostly rural
    - Compared to 2022 – 397
    - Always chasing homestead exemptions

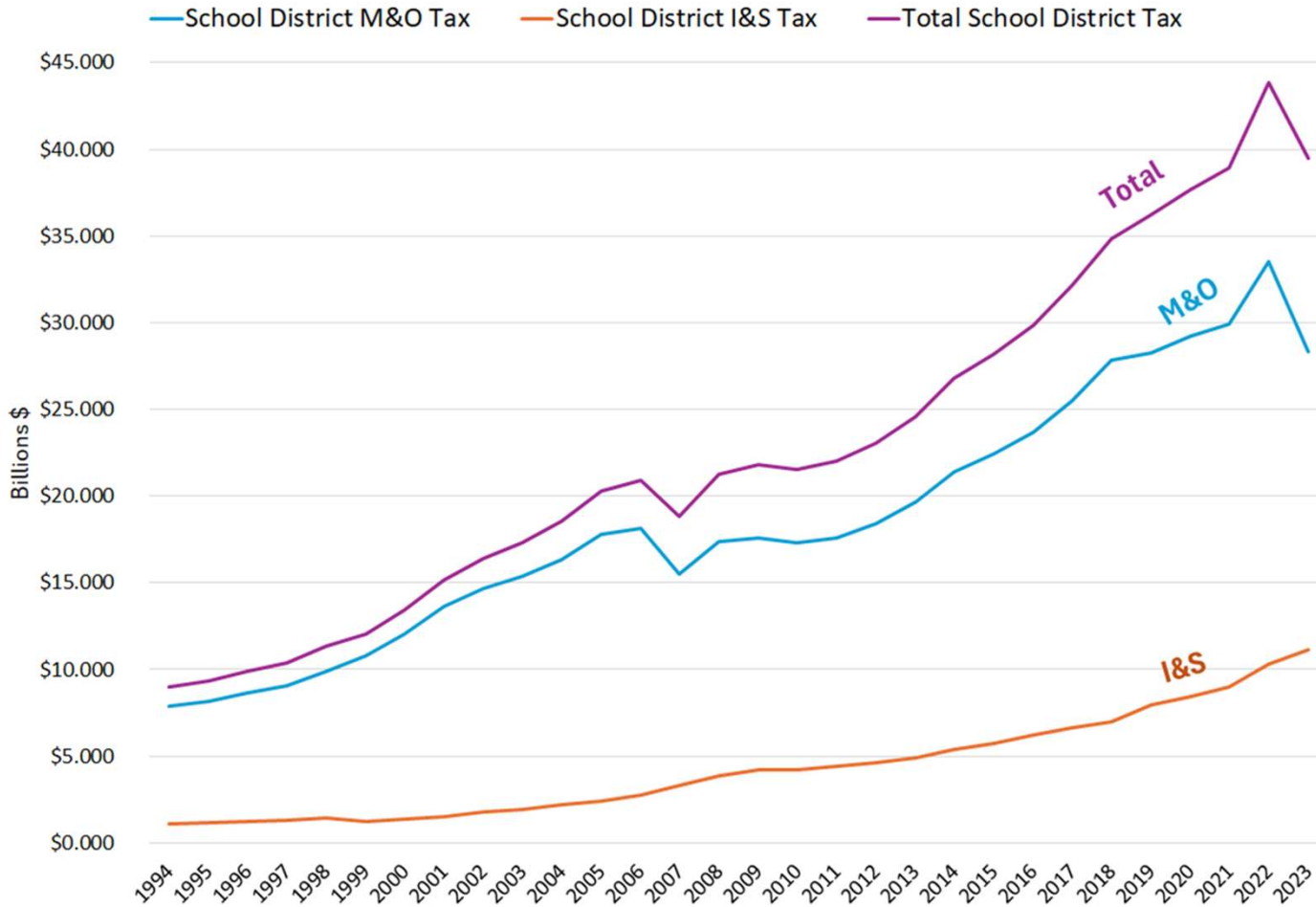


# Key Topics and Considerations

- ***School District Rate Compression***
  - Equal property tax relief for all properties in proportion to value
  - ***88<sup>th</sup> Legislature used state funds to compress school M&O rates by ~\$0.20***
  - Funded by state revenue from taxes paid primarily from businesses – 57.8%



### School District Property Taxes on All Property 1994-2023



**-\$4.4 b**  
**\$39.5 billion**

**-\$5.2 b**  
**\$28.3 billion**

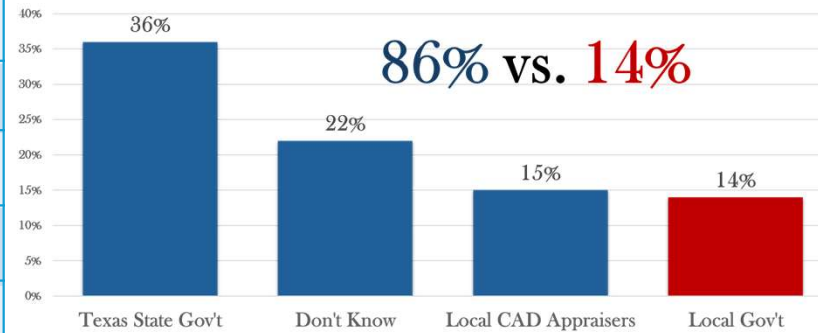
**+\$0.8 b**  
**\$11.2 billion**

# What did *Local Gov't* do in 2023?

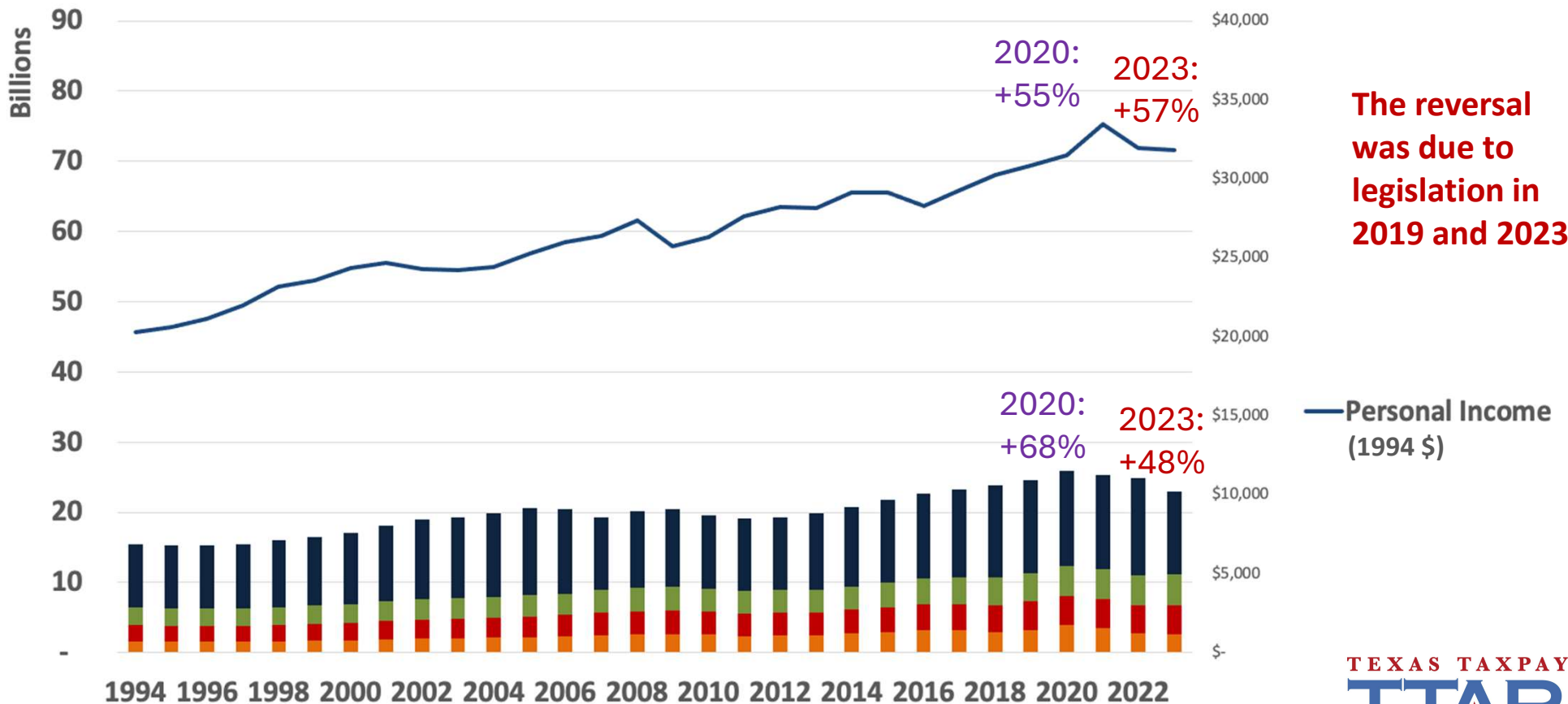
## Net Property Tax Relief 2023 (billions)

School District M&O	<b>-\$5.2</b>
School District I&S	<b>+\$0.8</b>
Net School Tax Reduction	<b>-\$4.4</b>
Counties	<b>+\$1.5</b>
Cities	<b>+\$1.4</b>
Special Districts	<b>+\$1.0</b>
Total Other Taxing Units	<b>+\$3.9</b>
<b>Net Property Tax Decrease</b>	<b>\$414 million</b>

Who is at fault for high property taxes?



# Total Levies & Personal Income 1994-2023, Pop. & Infl. Adj. (1994 \$)



**The reversal was due to legislation in 2019 and 2023.**



# Key Topics and Considerations

- ***Existing provisions to assist with affordability***
  - Deferral of payments on a residence homestead
    - Over-65, Disabled, or qualify for veterans exemption
  - Early pay discounts
  - Escrow accounts
  - Installment payments on residence homesteads
    - 4 equal payments
  - Installment payments for business in disaster areas
  - Split payments



# Key Topics and Considerations

- ***Burden Shifting***
  - Appraisal Caps
  - Exemptions
  - ***Key Issue:*** These are examples of tools used to determine who gets taxed more or less than other taxpayers. They ***do not lower*** the overall total levy collected by a taxing jurisdiction.



# Key Topics and Considerations

- ***Burden Shifting - Appraisal Caps***
  - AKA – Appraisal limitations or Circuit Breakers
  - Limitation on taxable value
  - Shift taxes from capped to non-capped property
  - Two key appraisal caps
    - 10% residence homestead appraisal cap
    - 20% circuit breaker appraisal cap on all non-homestead real property

# Appraisal Cap Example



Identical homes built in 2019  
Identical Purchase Price: **\$235,000**

Both qualified as a *Homestead* and  
eligible for an ***appraisal cap***

# Appraisal Cap Example



Houses treated the same in 2020:  
Market & Taxable Value\*\* = **\$235,000**

\*\*To isolate appraisal cap no exemptions are considered in example.



# Appraisal Cap Example



House 2 sells in 2021 for **\$425,000**

Qualified as a *Homestead* and eligible for an 10% **appraisal cap**

# Appraisal Cap Example



Sold home sets market value in 2021 for both homes at \$425,000

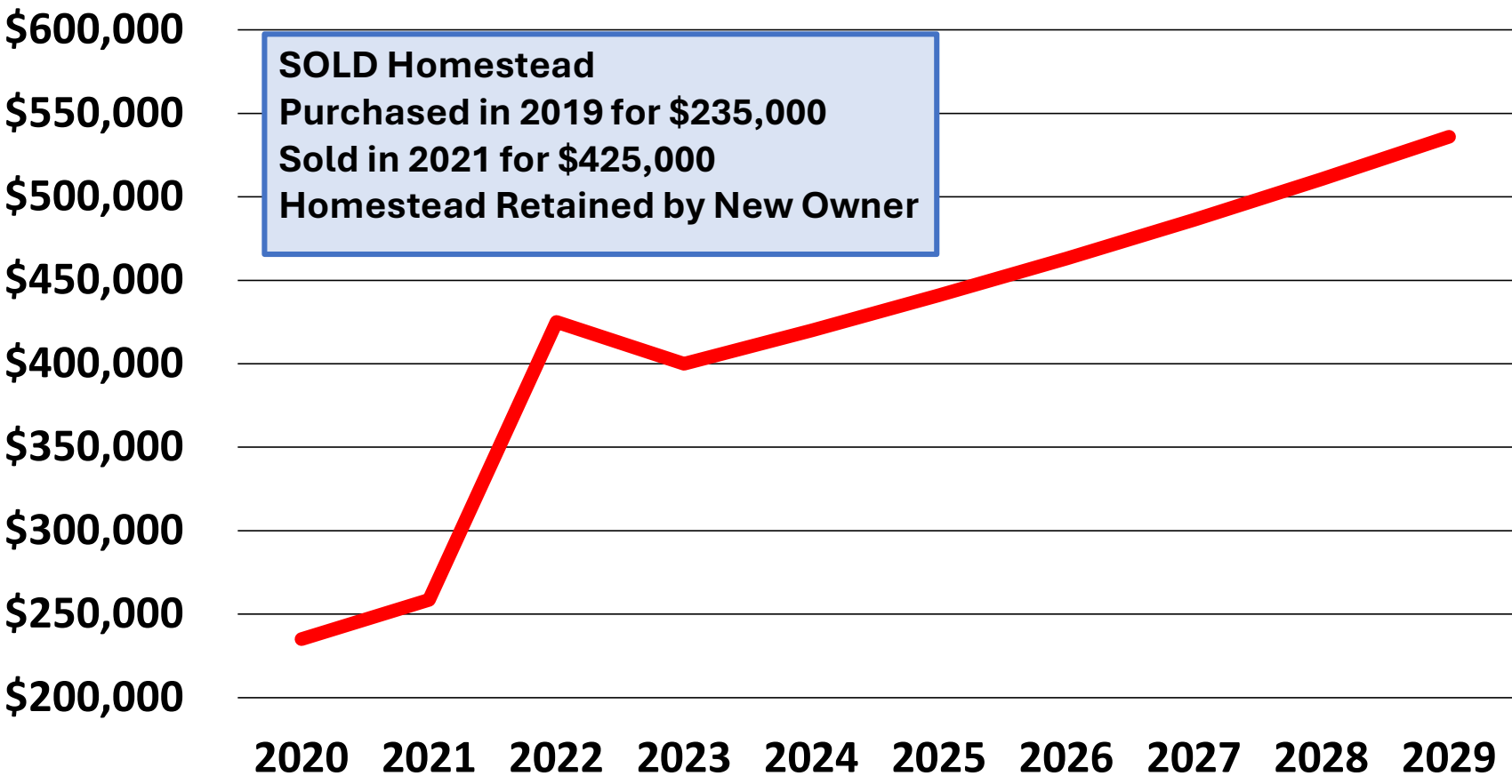
# Appraisal Cap Example



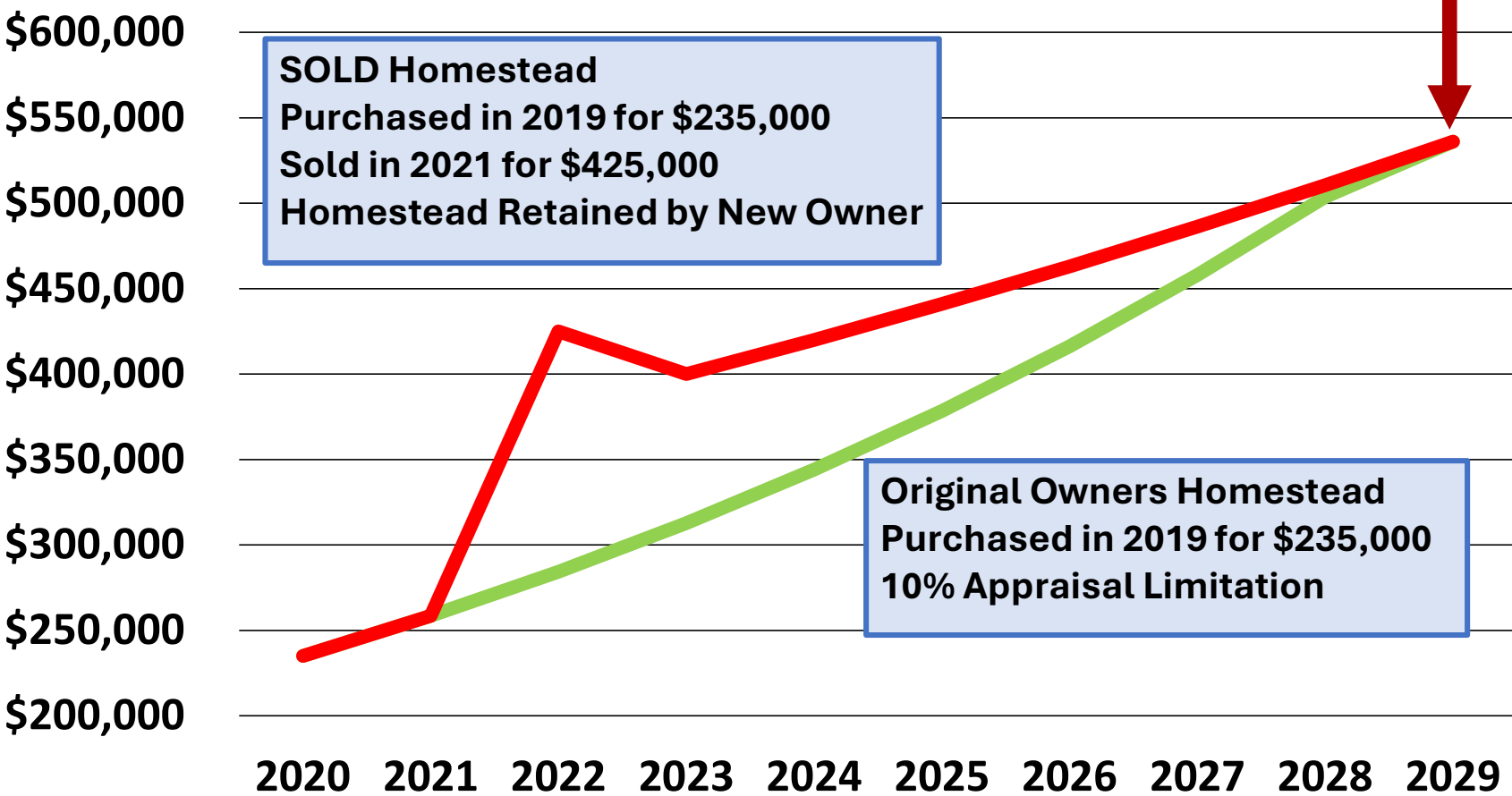
The two houses are still identical

However, the homestead appraisal cap keeps taxable value of House 1 below taxable value of House 2 for 10 years.

## Homestead Appraisal Cap Example Current Law - 10%



## Homestead Appraisal Cap Example Current Law - 10%

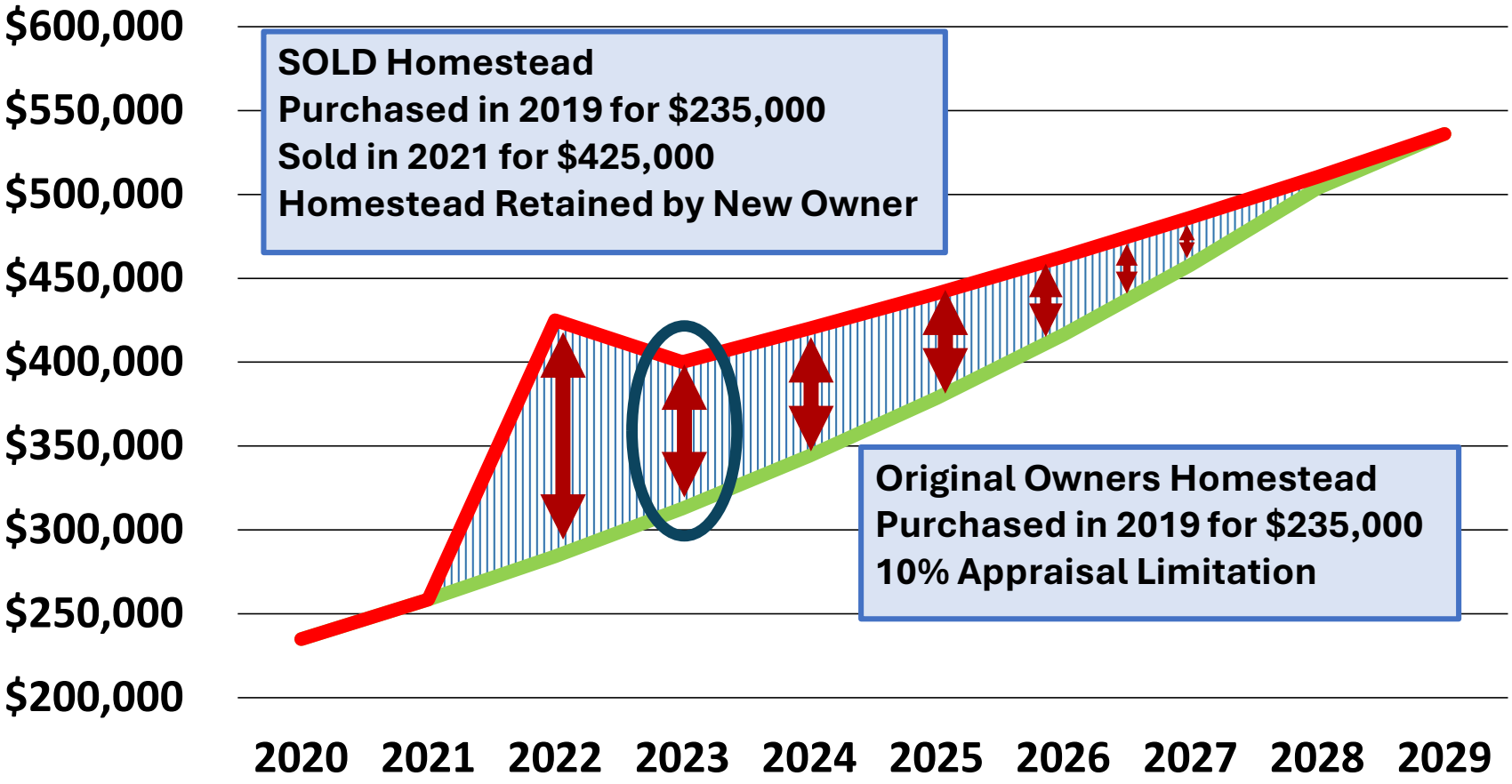


**SOLD Homestead**  
Purchased in 2019 for \$235,000  
Sold in 2021 for \$425,000  
Homestead Retained by New Owner

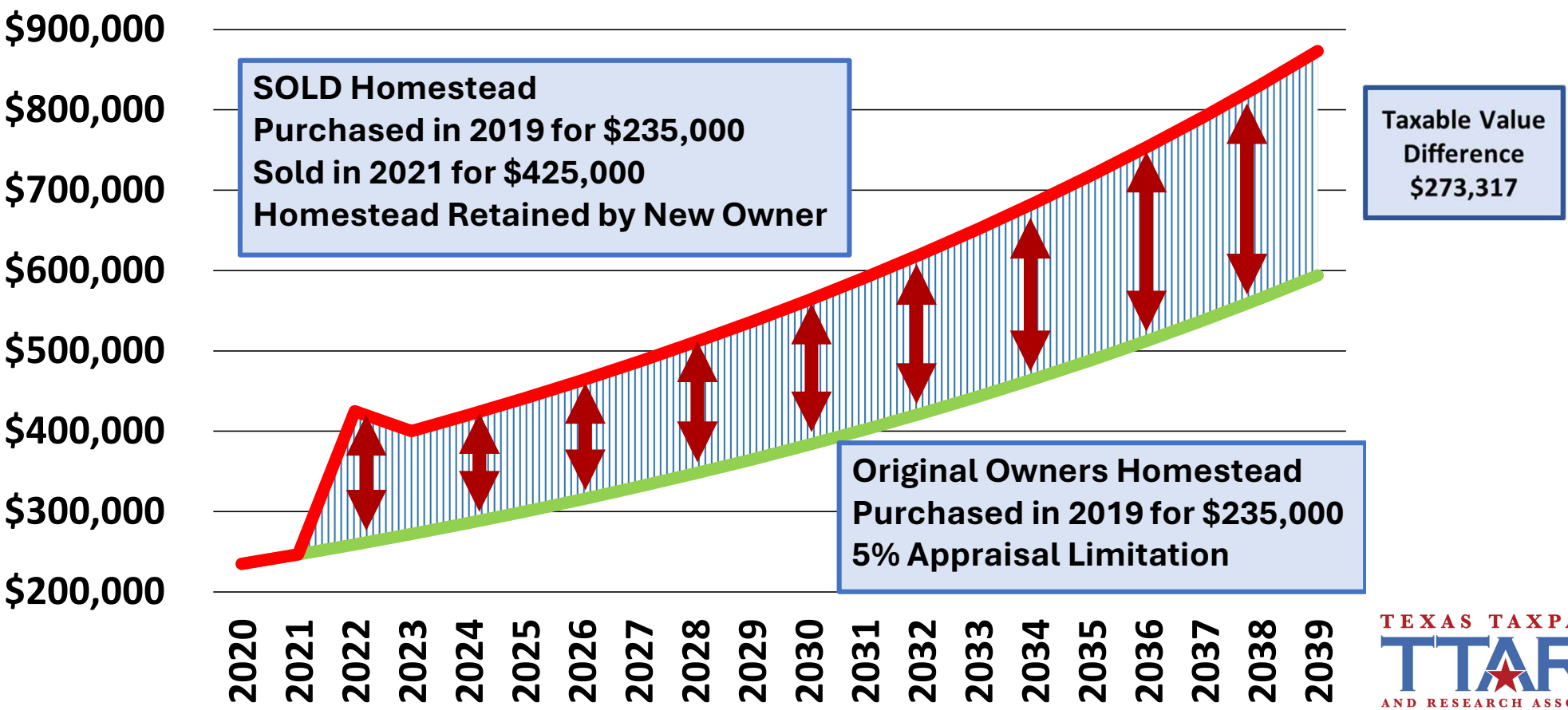
**Original Owners Homestead**  
Purchased in 2019 for \$235,000  
10% Appraisal Limitation

# Homestead Appraisal Cap Example

## Current Law - 10%



## Homestead Appraisal Cap Example Lowered to 5%





# Key Topics and Considerations

- ***Property Tax 201***
  - 20% Circuit Breaker Appraisal Cap Study
  - Tax rate compression
  - Exemptions
  - Split tax rolls
  - Backfill of property tax relief by taxing units
  - New Value and the TNT calculation



# Where should the relief be focused?

## Value **X** Tax Rate

- **Appraisal Process**
- Exemptions & Limitations
  - Shift the tax burden onto property owners who do not have an exemption or limitation

- **Budget and Tax Rate Process**
- Limitation of Tax Revenue & Tax Rates
  - Controls the amount of tax revenue and tax rates while equitably spreading the relief to all owners

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Contact Alexandra Bello for sponsorship opportunities: [abello@ttara.org](mailto:abello@ttara.org)

# Register Today!



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# Thank you for your attention!

## TTARA Staff:

**Jennifer Rabb**, President

**Sheryl Pace**, Senior Analyst, School Finance

**Carl Walker**, Senior Analyst, Property Tax

**Helen Brantley**, Legal Analyst, State Tax & Property Tax

**Ryan Ash**, Legislative & Communications Director

**Alexandra Bello**, Director of Operations

**Catherine Lapoint**, Executive Assistant

[jrabb@ttara.org](mailto:jrabb@ttara.org)

[space@ttara.org](mailto:space@ttara.org)

[cwalker@ttara.org](mailto:cwalker@ttara.org)

[hbrantley@ttara.org](mailto:hbrantley@ttara.org)

[ryan@ttara.org](mailto:ryan@ttara.org)

[abello@ttara.org](mailto:abello@ttara.org)

[clapoint@ttara.org](mailto:clapoint@ttara.org)

**(512) 472-8838**

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