



Support CSHB 4236 by Martinez Fischer

Joint Authors: Meyer, Turner, Capriglione, and Noble

Relating to the creation of a task force to evaluate the school district property value study conducted by the comptroller of public accounts.



Members of the 89th Legislature,

Texas Taxpayers and Research Association (TTARA) fully supports **CSHB 4236**, beginning a much-needed conversation about Property Value Study (PVS) reforms, its effectiveness, the administrative burdens placed on all parties involved, and potential efficiency gains of auditing appraisal districts' work product.

What is the Property Value Study (PVS):

- The PVS is a statutorily mandated study conducted by the Comptroller every year with alternating school districts to determine the total taxable value of property in each school district.
- The PVS determines whether local appraisal districts value property within a margin of error. If local appraisal district values are outside the margin of error for a school district, then the Comptroller determines the school district's value (state value) to be used for school district funding formulas.
- When higher PVS state values replace local values in school district funding formulas, the PVS increases the local share of a district's formula entitlement (and any recapture owed) while reducing the state share, for school districts that fall below the margin of error even though taxes have been collected on the lower local value resulting in a loss of revenue to the school district.
- State-determined property valuations and appraisal methods and procedures may influence local appraisal district values in the following years.
- Currently, statute mandates three studies in addition to the PVS to be conducted by the Comptroller regarding appraisal district valuation standards: Ratio Study, Methods and Assistance Program (MAP), and Targeted Appraisal Review Program (TARP).

The task force created by CSHB 4236 will examine the PVS alongside other studies conducted by the Comptroller to identify inefficiencies in the appraisal district audit process. Due to the importance of valuations within the property tax system and the market value standard, reforming the review process of appraisal districts should be carefully considered to avoid unintended consequences. Therefore, TTARA fully supports the thoughtful approach of a tax force created by CSHB 4236 and asks for your favorable consideration.