

PROPERTY TAX PROTESTING

WHAT YOU REALLY NEED TO KNOW

WHO MAKES THE RULES IN TEXAS

- ▶ STATE LEGISLATORS MAKE THE RULES
 - ▶ STATE CONSTITUTION
 - ▶ PROPERTY TAX CODE
- ▶ STATE COMPTROLLER SETS THE POLICIES
- ▶ STATE COMPTROLLER MONITORS THE CENTRAL APPRAISAL DISTRICT “CAD” ENFORCEMENT
- ▶ THE CAD APPLY THE RULES

STATE CONSTITUTION

- ▶ ARTICLE VIII OF THE TEXAS CONSTITUTION: TAXATION AND REVENUE
- ▶ SETS THE REQUIRMENTS FOR ACTION BY THE LEGISLATURE
- ▶ “TAXATION MUST BE EQUAL AND UNIFORM”
- ▶ THERE ARE NO STATE LEVEL PROPERTY TAXES
- ▶ ALL PROPERTY TAX VALUATION AND COLLECTION IS LOCAL

THE HISTORY OF THE TAX SYSTEM

- ▶ IN 1979, REPRESENTATIVE PEVETO INTRODUCED LEGISLATION TO CHANGE WHO DOES THE VALUATION OF PROPERTIES
- ▶ BEFORE THIS CHANGE, EACH TAXING DISTRICT (SCHOOL, COUNTY, CITY, ETC) INDEPENDENTLY SET A VALUATION FOR EACH PROPERTY
- ▶ SO MUCH FOR EQUAL AND UNIFORM VALUATION
- ▶ AFTER THIS LEGISLATION, COUNTY LEVEL CENTRAL APPRAISAL DISTRICTS (CAD) WERE FORMED
- ▶ ALL TAXING DISTRICTS NOW HAVE ONE APPRAISAL VALUE TO USE!!

STATE COMPTROLLERS OFFICE

- ▶ THE STATE COMPTROLLER MONITORS THE TAXING DISTRICTS
- ▶ EVERY YEAR THERE IS AN AUDIT OF A CAD
- ▶ THERE ARE TWO DIFFERENT AUDITS CONDUCTED ON ALTERNATING YEARS
- ▶ FIRST ONE IS THE REVIEW OF THE VALUATION PROCESS TO DETERMINE IF THE VALUES FALL WITHIN A CERTAIN RANGE OF WHAT THE STATE WOULD PUT ON A PROPERTY
- ▶ SECOND ONE IS A REVIEW OF THE PERFORMANCE OF THE CAD'S ADHEARENCE TO THE TAX CODE AND RULES
- ▶ FYI, HCAD PASSES THESE AUDITS WITH NO ISSUES
- ▶ IF THE CAD FAILS THE VALUATION AUDIT, THIS CAN ADVERSELY EFFECT SCHOOL TAX DISTRICTS. IF BAD ENOUGH THE STATE TAKES OVER VALUATION PROCESS

RULES FOR THE APPRASIAL DISTRICTS

- ▶ AT A MINIMUM EVERY THREE YEARS A CAD MUST REVALUE PROPERTY
- ▶ DALLAS CAD REVALUES 1/3RD EACH YEAR
- ▶ HCAD POLICY IS TO REVALUE EVERY YEAR
- ▶ HCAD LOGIC IS TO ASSURE BOTH UP AND DOWN IN VALUATION ARE TRACKED
- ▶ HCAD HAS 1.7 + MILLION PACRELS TO VALUE ANNUALLY
- ▶ THE CAD BOARD OF DIRECTORS SETS THE POLICY ON REVALUATION TIMING

PROTESTING SYSTEM OVERVIEW

- ▶ YOU CAN PROTEST YOUR TAX APPRAISAL EVERY YEAR, HIGHLY RECOMMENDED
- ▶ APPRAISAL DISTRICT SENDS OUT THE NOTICE THAT VALUES PROPERTY AS OF JANUARY 1 OF THE CURRENT YEAR
- ▶ EVERY DISTRICT ENFORCES THE RULES A LITTLE DIFFERENTLY
- ▶ ALL DISTRICTS ARE REQUIRED TO POST THE VALUATION BY MAIL OR ON THEIR WEB SITE. A PROTEST FORM IS INCLUDED.
- ▶ ONCE YOU PROTEST, YOU ARE PROVIDED ACCESS TO AN DISTRICT APPRAISER FOR AN INFORMAL HEARING
- ▶ IF THAT IS NOT SUCCESSFUL IN YOUR OPINION, A FORMAL APPRAISAL REVIEW BOARD HEARING IS SET
- ▶ NO LATER THAN 14 DAYS PRIOR TO A HEARING DATE, THE DISTRICT EVIDENCE PACKAGE IS AVAILABLE FOR YOUR REVIEW

IMPORTANT DATES

- ▶ JANUARY 1
 - ▶ This is the date used to set Property Tax Valuation for the current year.
- ▶ JANUARY 31
 - ▶ This is the last day to pay taxes for previous year before delinquency. The first payment on quarter payment plans for Over-65 and disability homestead accounts is due on or before this date.
- ▶ FEBRUARY 1
 - ▶ Penalty and interest charges begin to accrue on taxes for the preceding year. Penalty begins at 6 percent and increases monthly to a maximum of 12 percent in July. Interest begins to accrue at the rate of 1 percent per month until the account is paid in full.
- ▶ MARCH 31
 - ▶ This is the last day to make the second payment on a quarter payment plan for Over-65 and disability homestead accounts.
 - ▶ This is the last day to pay business personal property accounts without an additional collection penalty. An additional collection penalty may be charged on accounts that are delinquent on April 1 for personal property.
- ▶ APRIL 30
 - ▶ This is the last day to file an exemption application
- ▶ MAY 15
 - ▶ This is the last day to file a protest with the Appraisal District for the current year. If noticed past this date, then you have 30 days to file your protest.

IMPORTANT DATES

- ▶ MAY 31
 - ▶ This is the last day to make third payment on a quarter payment plan for Over-65 and disability homestead accounts.
- ▶ JUNE 30
 - ▶ This is the last day to make the second payment on the half payment option.
- ▶ JULY 1
 - ▶ All delinquent accounts for the current year are turned over to the tax attorneys for collection. A collection penalty up to 20 percent of the total unpaid balance is added to the current delinquent collection fee.
- ▶ JULY 25 to August 15
 - ▶ The Chief Appraiser certifies the appraisal roll to the taxing units.
- ▶ JULY 31
 - ▶ This is the last day to make the final payment on a quarter payment plan for Over-65 and disability homestead accounts.
- ▶ SEPTEMBER 25
 - ▶ The last day a taxing unit can set their rate without a separate mailing.

IMPORTANT DATES

- ▶ SEPTEMBER 30
 - ▶ All tax rates must be set by taxing entities.
- ▶ OCTOBER 1
 - ▶ The current collection period begins. Tax bills are mailed on October 1, or as soon as possible thereafter, to Real and Business Personal Property owners throughout the county.
- ▶ NOVEMBER 30
 - ▶ This is the last day to make the first payment on the half payment option.

FORT BEND AND MONTGOMERY COUNTY

- ▶ NEITHER CAD SETS AN INFORMAL HEARING TIME FOR YOU
- ▶ YOU MUST ASK FOR THE INFORMAL OR SOMETIMES SHOW UP A WAIT TO SEE A CAD APPRAISER. YOU CAN ALSO SHOW UP THE DAY OF THE SCHEDULED ARB HEARING AND VISIT WITH AN APPRAISER BEFORE THAT HEARING.
- ▶ THE ARB HEARING IS SET AND YOU ARE NOTIFIED. THE CAD EVIDENCE PACKAGE IS AVAILBLE AT LEAST 14 DAYS AHEAD OF THE ARB HEARING DATE
- ▶ IF YOU DO NOT SHOW UP OR PROVIDE AN AFFIDAVIT INDICATING YOUR VALUATION, THEN THE VALUE AS SET BY THE CAD STANDS
- ▶ LIMITED ABLITY TO CONTINUE A PROTEST AFTER THE ARB HEARING

HARRIS COUNTY

- ▶ AFTER A PROTEST IS FILED, AN INFORMAL HEARING TIME IS SET AND THE CAD EVIDENCE PACKAGE IS AVAILABLE ONLINE OR AT THE CAD OFFICE AT LEAST 14 DAYS AHEAD. HCAD PROVIDES AN “IFILE” LINK TO SEE THE PACKAGE ONLINE
- ▶ YOU CAN ALSO DO AN ONLINE “ ISETTLE” OR GO THE INFORMAL HEARING
- ▶ IF SUCCESSFUL, ACCEPT THE VALUE, SIGN THE FORM PROVIDED AND GO HOME HAPPY!!
- ▶ IF NOT HAPPY, A FORMAL ARB HEARING WILL BE SCHEDULED NO SOONER THAN 15 DAYS
- ▶ AT THE ARB HEARING YOU ARE PROVIDED 15 MINUTES FOR THE HEARING
- ▶ IF YOU DO NOT SHOW UP OR PROVIDE AN AFFIDAVITE INDICATING YOUR VALUATION, THEN THE VALUE AS SET BY THE CAD STANDS

WHAT THE ARB DOES

- ▶ WITH THE EVIDENCE YOU PRESENT AND THE CAD EVIDENCE, THE ARB MAKE A DETERMINATION OF THE VALUE FOR THE CURRENT TAX YEAR
- ▶ THEY LISTEN TO BOTH PRESENTATIONS
- ▶ THEIR MAJORITY DECISION STANDS
- ▶ THEY PROVIDE YOU WITH A FORM STATING THEIR DECISION
- ▶ IF SATISFIED YOU ARE DONE. OH BOY!!
- ▶ IF NOT, YOU CAN FILE A LAWSUIT AGAINST THE CAD, ASK FOR ARBITRATION OR OTHER ARCANE STEPS NOT USED VERY OFTEN.

DEVELOPING YOUR EVIDENCE PACKAGE

- ▶ DESCRIPTION OF THE PROPERTY SHOULD BE STUDIED FOR CORRECT SQUARE FOOTAGE, CONSTRUCTION TYPE, PHYSICAL CONDITION?
- ▶ IMPROVEMENT- REPAIRS NECESSARY TO BE IN THE SAME CONDITION AS THE CAD COMPARABLE SALES?
- ▶ LAND- ARE THE FACTORS APPLIED TO THE LAND CORRECT FOR TOPOGRAPHY, SQUARE FOOTAGE CORRECT, AND ECONOMIC FACTORS (TRAFFIC, FLOODING, RAILROAD TRACKS, POWER LINES, ETC) PROPERLY APPLIED?
- ▶ EQUITY ANALYSIS- HCAD PROVIDES AN ANALYSIS OF 5 PROPERTIES THAT COMPARE IN SQUARE FEET OF THE LAND AND IMPROVEMENT AND MAKE ADJUSTMENTS TO HAVE YOUR VALUE MAKE SENSE ON AN EQUAL AND UNIFORM BASIS.

DEVELOPING YOUR EVIDENCE PACKAGE

- ▶ YOU MUST BE PREPARED TO REBUT THE CAD EVIDENCE!!
- ▶ PACKAGE MUST BE COMPLETE AND CONCISE!!
- ▶ HAVE DETAILED REPAIRS- THOSE THAT AFFECT THE MARKETABILITY OF THE PROPERTY
- ▶ HAVE GREAT PICTURES OF INTERIOR, EXTERIOR AND REPAIR AREAS
- ▶ VISIT THE COMPARATIVE SALES IN THE CAD PACKAGE, TAKE PICTURES, GET HAR.COM INFORMATION
- ▶ VISIT THE EQUITY PROPERTIES, TAKE PICTURES, SEE IF HAR.COM INFORMATION IS AVAILABLE
- ▶ BRING 4 COPIES WITH YOU, 3 FOR THE ARB BOARD MEMBERS AND 1 FOR THE CAD.

DOING YOUR RESEARCH

- ▶ HAR.COM WEB SITE
 - ▶ LOOK FOR ACTIVE LISTINGS THAT ARE COMPARABLE
 - ▶ TAKE PICTURES TO SHOW CONDITION COMPARED TO YOUR PROPERTY
 - ▶ FIND A REALTOR THAT IS WILLING TO WORK WITH YOU ON SALES INFORMATION
- ▶ HCAD.ORG WEB SITE
 - ▶ INFORMATION ON A SPECIFIC PROPERTY
 - ▶ CAN INPUT THE ACCOUNT NUMBER, ADDRESS OR OWNER'S NAME
 - ▶ CAN LOOK UP USING THE SAME INFORMATION THROUGH THE INTERACTIVE MAPPING FEATURE

PRESENTING YOUR EVIDENCE

- ▶ YOU ARE GIVEN A TOTAL TIME OF 15 MINUTES FOR THE ARB HEARING
- ▶ THAT MEANS YOU WILL HAVE 7 TO 8 MINUTES TO PRESENT YOUR EVIDENCE
- ▶ MAKE SURE THE BOARD IS NOT BEING BORED BY YOUR PRESENTATION
- ▶ WATCH THEM TO SEE IF YOU ARE LOSING THEIR ATTENTION
- ▶ DON'T REPEAT YOURSELF, WHEN YOU HAVE MADE YOUR POINTS, IT IS TIME TO LISTEN TO WHAT THE CAD APPRAISER PRESENTS, AND TAKE NOTES
- ▶ YOU WILL HAVE AN OPPORTUNITY TO REBUT THE CAD EVIDENCE
- ▶ DURING THE REBUTAL OF THE CAD PRESENTATION, NO NEW EVIDENCE CAN BE PRESENTED
- ▶ YOU NEVER KNOW HOW YOU WILL END UP!!

HOLTZAPPLE NEAL PROPERTIES GROUP LLC

- ▶ WE ARE A TEAM THAT CAN WORK FOR YOU
- ▶ RAY HOLTZAPPLE- BROKER/OWNER OF THE FIRM.
 - ▶ BUILT AND REMODELED HOMES,
 - ▶ ENGINEERED AND CONSTRUCTED CHEMICAL AND POWER GENERATION FACILITIES
 - ▶ A REGISTERED PROFESSIONAL ENGINEER IN THE STATE OF TEXAS
 - ▶ DOES REIDENTIAL, COMMERCIAL , INDUSRIAL AND BUSINESS PERSONAL PROPERTY TAX PROTESTS. LICENSED TAX CONSULTANT
 - ▶ FORMER HCAD BOARD OF DIRECTORS MEMBER FOR 4 YEARS, REPRESENTING THE CITY OF HOUSTON
- ▶ MARY DEE NEAL - REAL ESTATE BROKER
 - ▶ LISTING AND SELLING PROPERTIES FOR MORE THAN 40 YEARS
 - ▶ A NATIVE HOUSTONIAN
 - ▶ FOCUSED ON RESIDENTIAL TAX PROTESTS FOR OUR CLIENTS FOR OVER 20 YEARS

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