

FAQ – Texas Property Tax System

What is Property Tax?

Property taxes are local taxes that are assessed locally, collected locally and used locally. You pay your property taxes to the local tax collector. The tax collector distributes funds to schools, cities, and other local governments. Local governments spend the funds on schools, roads, hospitals, police departments, fire departments, and other programs.

Who is responsible for setting Property Taxes?

County Appraisal Districts appraise the value of your property. Appraisal Review Boards settle disputes between taxpayers and property owners. Local Taxing Units set budgets and property tax rates. County Assessor Collectors collect taxes from property owners and distribute the funds to the local taxing units.

What are my rights under the Texas Constitution?

The constitution sets out five basic principals for property taxes in our state Taxes must be equal and uniform. No single property or type of property should pay more than its fair share. Property must be appraised on its current market value. The price it would sell for when both the buyer and seller seek the best price and neither is under pressure to buy or sell. Each property in a county must have a single appraised value. This is guaranteed by the use of the county appraisal districts. All property is taxable unless federal or state law exempts it from the tax. Property owners have a right to reasonable notice of increases in their appraised property value. More information on the Texas Property Tax Code can be found at <http://www.window.state.tx.us/taxinfo/proptax/index.html>.

What are my remedies?

If you believe that your property value determination is too high or if you were denied an exemption or special appraisal valuation, you may protest to your ARB. If you do not agree with the decision of the ARB you may take your case to binding arbitration in some instances or to district court. You may speak during public hearing when your elected officials are deciding how to spend you taxes and are setting the tax rate. You may limit major tax increases through elections to roll back or limit tax rates.

When is the deadline for paying my property taxes?

Taxes are due when you receive your tax statement. Tax collections begin around October 1 and taxpayers have until January 31 of the following year to pay their taxes. On February 1, penalty and interest charges begin accumulating on most unpaid tax bills.

What happens if I don't pay my taxes?

The longer you allow delinquent property taxes to go unpaid, the more expensive

If your property boundaries span more than one county you will receive appraisal notices from each county appraisal district.

Exemptions/Ownership

What exemptions are available?

There are several partial and absolute exemptions available. Some of these exemptions include General Residential Homestead, Over 65, Over 55 Surviving Spouse, Disability Homestead, Disabled Veterans, Charitable, Religious, Freeport and Pollution Control.

Does my home qualify for an exemption?

As a general rule to qualify for an exemption you must own your home and it must be your principal place of residence. Additional qualifications may apply based on the exemption.

Will this protect me in case of a lawsuit?

Texas has two distinct laws for designating a homestead. The Texas Tax Code offers homeowners a way to apply for homestead exemptions to reduce local property taxes. The Texas Property Code allows homeowners to designate their homesteads to protect them from a forced sale to satisfy creditors. This law does not, however, protect the homeowner from tax foreclosure sales of their homes for delinquent taxes. For more information on homestead designation as provided by the Texas Property Code please contact the Office of Attorney General at www.oag.state.tx.us

How much will I save?

An exemption removes part of the value of your property from taxation and lowers your tax bill. In addition to the state mandated exemption amounts for school taxes, each taxing unit decides whether to offer the optional exemption and at what percentage. The amount of savings depends on the exemption and the amount of exemption allowed by each taxing units.

Do I apply for a homestead exemption annually?

Only a one-time application is required, unless by written notice, the Chief Appraiser requests the property owner to file a new application. However, a new application is required when a property owner's residence homestead is changed.

I own more than one home, can I get a homestead on both?

A person may not receive a homestead exemption for more than residence homestead in the same year. You can receive a homestead exemption only for your main or principal residence.

What if I owned the property before I was married?

You can still only have one exemption which must be claimed on your principal residence.

I own my own homestead, but also own a home with my child that they live in. Would they qualify for a homestead?

They must have ownership interest in the property to qualify and would only receive a portion of the exemption based on the percent of ownership. My exemption fell off from last year, why? Exemptions reflect the January 1 owner. If you purchased a home after January 1st the exemption in place was for the previous owner. You must file an exemption application.

I forgot to apply for my exemption, can I receive it retroactively?

You may file a late homestead exemption application if you file it no later than two year after the date the taxes become delinquent.

Is it true that once I become 65 years of age, I will not have to pay any more taxes?

No, that is not necessarily true. If you are 65 or older your residence homestead qualifies for more exemptions which will result in greater tax savings. The amount of the exemptions that are granted by each taxing unit is subtracted from the market value of your residence and the taxes are calculated on that "lower value". In addition, when you turn 65, you may receive a tax ceiling for your total school taxes; that is, the school taxes on you residence cannot increase as long as you own and live in that home. The ceiling is set at the amount you pay in the year that you qualify for the aged 65 or older exemption. The school taxes on your home subsequently may fall below the ceiling. If you significantly improve your home (other than ordinary repairs and maintenance), tax ceilings can go up. For example, if you add a room or garage to your home, your tax ceiling can rise. It will also change if you move to a new home.

When do you apply if you are turning 65?

You may apply at any time during the year of that birth date. You would receive the exemption for the full year.

Do I need to file an application when I turn 65 or is it automatically added?

The appraisal district can only automatically process the over 65 exemption if it has the appropriate documentation on hand. Your local appraisal district will require proof of age to grant an over 65 exemption. Acceptable proof of age includes either a copy of the front side of your driver's license or a copy of your birth certificate or any official document reflecting your date of birth. It is always best

to file an exemption application with the appropriate documents to ensure that the Over 65 exemption is processed.

If I am the surviving spouse of a disabled person, am I entitled to the school tax ceiling?

No, only surviving spouses (55 years of age or older) of persons who were 65 years of age or older when they died may benefit from the tax ceiling.

If I am 65 years of age or older, disabled or a surviving spouse who is age 55 or older, does a tax ceiling apply to county, city or junior college district property taxes?

Yes, if the county commissioners court, city council or board of the junior college district authorizes a tax limitation on the homesteads of persons 65 years of age or older or disabled. The taxing unit's governing bodies or voters (by petition and election) may adopt the limitation. This local option exemption does not apply to other special districts such as water, hospital, etc.

If I am disabled and over 65 can I claim both exemptions in the same tax year?

You may not claim both an Over 65 and a disabled person's exemption in the same tax year.

I have a disabled child. Would that qualify me for a disabled exemption?

No, the person applying for the exemption must own the home.

How do I transfer my senior citizen or disabled person tax ceiling?

You may transfer the same percentage of school taxes paid to another qualified homestead in the state. If the county, city or special district grants the limitation, you may transfer the same percentage of taxes paid to another qualified homestead within that same taxing unit. To transfer the tax ceiling, you must qualify for an Over-65 or Disabled Person exemption at your previous residence and complete the Tax Ceiling Transfer form. A current Homestead Exemption application must also be completed for the new residence.

What types of exemptions require an annual application?

The law requires an annual application by April 30 for some types of exemptions, including property exempted from Taxation by Agreement (Property Tax Abatement), Historical and Archeological Sites, exemption of Freeport Goods, and exemption of Pollution Control property approved by the Texas Commission on Environment Quality (TCEQ). Cemeteries, charitable organizations, youth development organizations, religious organizations, and non-profit private schools do not have to reapply for the exemption each year once the property tax exemption is granted, unless by written notice, the Chief Appraiser requests the property owner to file a new application. However, if their exempt property changes ownership or if their qualifications for exemption change, they must re-apply.

Must I notify the Appraisal District if my entitlement to an exemption ends?

Yes, a person who receives an exemption that is not required to be claimed annually must notify the Appraisal District in writing before May 1 after the entitlement to the exemption ends.

Does a non-profit organization automatically receive a property tax exemption?

No. Often organizations mistakenly believe they are entitled to a property tax exemption because they have received a federal income tax exemption under Section 501(c) (3) of the Internal Revenue Code or an exemption from State sales taxes. The constitution requirements for property tax exemptions are different than the provisions covering income and sales taxes. A non-profit organization may qualify for a total exemption from property taxes.

How can I change my mailing address?

A request indicating an address correct must be made in writing and a daytime phone number where you can be reached, in case we have questions.

What do I do if the ownership does not reflect the current ownership of a property?

After 90 days from the date of closing on a property, if the appraisal record does not reflect the current ownership, please contact the Property Records Department at (903) 238-8823.

Property Values

How do I find out the appraised value of my property?

The chief appraiser sends out a detailed notice of appraised value to the owner of property annually. The notice of appraised value contains a description of your property, its value, the exemptions and an estimate of taxes that might be owed. Property value information is also available on the website Property Search, or by calling or visiting our offices.

When do you mail Notices of Appraised Value?

The current year notices of appraised value are typically mailed out mid April of each year. Values on the website are not updated until the notices have been mailed.

How is my property valued?

The district first collects detailed descriptions of each taxable property in the district. It then classifies properties according to a variety of factors such as size, use and construction type. Using comparable sales, income and/or cost data, a district appraiser will apply generally accepted appraisal techniques to derive a value for your property.

How often does the appraisal district value my property?

The appraisal district must repeat the appraisal process for each property in the county at least once every three years; however, it can reappraise as often as every year as Gregg County Appraisal District does.

Why did my value change?

Value changes may occur for several reasons. Often sales information may indicate the current appraised value is lower/higher than fair market. Also, corrections to appraisal records may affect value, such as, change in square footage, a pool not previously accounted for, or a correction of a property characteristic.

Why are you inspecting my property?

In order to make accurate appraisals on every property we have to visit them periodically to ensure that the data used in making the appraisal is still correct. For instance, the appraisal district could have received a copy of a building permit indicating that a room was being added.

What is an improvement?

Improvement means: A building, structure, fixture, or fence erected on or affixed to land; or A transportable structure that is designed to be occupied for residential or business purposes, whether or not it is affixed to land, if the owner of the structure owns the land on which it is located, unless

the structure is unoccupied and held for sale or normally is located at a particular place only temporarily.

What is fair market value?

Fair market value means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if: Exposed for sale in the open market with a reasonable time for the seller to find a purchaser Both the seller and the purchaser know all of the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use. Both the seller and the purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

What is a Homestead Cap?

In general, the appraised home value for a homeowner who qualifies his homestead for exemption in the preceding and current year may not increase more than 10 percent per year. The Property Tax Code set a limit on the appraised value of a residence homestead, stating that its appraised value for a tax year may not exceed the lesser of the market value of the property; or, The sum of : 10 percent of the appraised value of the property for last year; The appraised value of the property for the last year in which the property was appraised; and The market value of all new improvements to the property, excluding a replacement structure for one that was rendered uninhabitable or unusable by casualty or by mold or water damage. The appraisal limitation first applies in the year after the homeowner qualifies for the homestead exemption.

For more information please visit: http://comptroller.texas.gov/taxinfo/proptax/ptax_faq.html

PROTESTING VALUE

How do I protest my value?

To protest an appraisal value set by GCAD, a taxpayer must notify the appraisal district in writing by May 15 or 0 days from the date of the Notice of Appraised Value. If the appraisal district generated no Notice of Appraised Value a protest may still be filed. The Notice of Protest need not be an official form; however, the appraisal district can send you a Notice of Protest form to complete and submit. You can submit a signed letter stating the protesting property owner's name, identifying the subject property and indicating an apparent dissatisfaction with some determination of the appraisal district.

If I protest, how will I be notified of my hearing?

You will receive a Notice to Appear before the Appraisal Review Board at least 15 days prior to your hearing. The notice will also contain a date and time that you can discuss the appraised value of your home informally with an appraiser. If you and the appraiser agree on the value of your home **you will not have to appear** before the Appraisal Review Board. If you do not agree with the appraiser you will be required to appear at your scheduled hearing and present your case to the appraisal Review Board.

If I protest, how should I prepare for my hearing?

You should gather evidence which supports your view of the value of your home. This would include sales of comparable homes in your neighborhood, the purchase price of your home, photographs of your home and comparable homes, or photographs of details of your home showing conditions such as cracks, flood damage, and so forth. Your presentation should be direct, concise and honest. Stick to the facts and avoid discussing issues that do not have anything to do with the value of your property such as the tax rate and percent increase from one year to the next. The panel hearing your case will inform you of the value set for taxation on your home. You will also receive, by certified mail, a written order from the Appraisal Review Board showing the value set on your property.

What is the appraisal Review Board?

The Appraisal Review Board or ARB is a group of private citizens authorized by state law to resolve protest disputes between taxpayers and the appraisal district. An ARB is established for each appraisal district in the State of Texas.

Can anyone attend an ARB hearing?

Yes. They are open to the public and a schedule is posted at GCAD.

Business Personal Property

What is a rendition for Business Personal Property?

A rendition is a form that provides the appraisal district with the description, location, cost and acquisition dates for personal property that you own. The appraisal district uses the information to help estimate the market value of your property for taxation purposes.

Who must file a rendition?

Renditions must be filed by:

1. Owners of tangible personal property that is used for business purposes.
2. Owners of tangible personal property on which an exemption has been cancelled or denied.

What types of property must be rendered?

For taxation purposes, there are two basic types of property: real property (land, buildings, and other items attached to land) and personal property (property that can be owned and is not permanently attached to the land or building such as inventory, furniture, fixtures, equipment and machinery).

Business owners are required by State law to render personal property that is used in a business or used to produce income. This property includes furniture and fixtures, equipment, machinery, computers, inventory held for sale or rental, raw materials, finished goods, and work in process. You are not required to render intangible personal property (property that can be owned but does not have a physical form) such as cash, accounts receivable, goodwill, application computer software, and other similar items. If your organization has previously qualified for an exemption that applies to personal property, for example, a religious or charitable organization exemption, you are not required to render the exempt property.

Is my information confidential?

Yes, Information contained in a rendition cannot be disclosed to third parties except in very limited circumstances. In addition, the Texas Property Tax Code specifically provides that any estimate of value you provide is not admissible in proceedings other than a protest to the Appraisal Review Board (ARB) or court proceedings related to penalties for failure to render. The final value we place on your property is public information, but your rendition is not.

What happens if I do not file a rendition, or file it late?

If you do not file a rendition, the appraised value of your property will be based on an appraiser's estimate using comparable business types. In addition, if you fail to file your rendition before the deadline or you do not file it at all, a penalty equal to 10% of the amount of taxes ultimately imposed on the property will be levied against you. There is also a 50% penalty if a court finds you engaged in fraud or other actions with the intent to evade taxes.

If I cannot file the rendition on time, what should I do?

The law provides for an extension of time to file a rendition. In order to receive the extension, you must submit the request to the Gregg County Appraisal District in writing before the April 1 rendition filing deadline. With the receipt of a timely extension request, the rendition filing deadline will be extended to May 1.

What do I do if the Chief Appraiser requests an explanatory statement from me?

If you provide a good faith estimate of market value instead of original cost and acquisition date for any items, the Chief Appraiser may request an explanatory statement from you. The Chief Appraiser must make the request in writing, and you must provide the statement within 20 days of the date you receive the request. The explanatory statement must set out a detailed explanation of the basis for the estimate(s) of market value given in your rendition. The statement must include adequate information to identify the property. It must describe the physical and economic characteristics of the property that are relevant to its market value. It must also give the source(s) of information used in valuing the property and explain the basis for the value estimate.

What if the Appraisal District values my property at a higher amount than what I render?

You will receive a Notice of Appraised Value in late May or early June. If you disagree with the value placed on your property by the Appraisal District, you may wish to file a protest with the Appraisal Review Board. The protest must be filed by the deadline date indicated on the Notice. Once a timely protest is received, you will be scheduled for a hearing before the Appraisal Review Board. At your Appraisal Review Board hearing, you will be asked to provide documentation.

How do I get more information or assistance?

You may browse the Gregg Appraisal District web site for forms, instructions, and general information. You may come to the Appraisal District Office at 4365 W. Loop 281 where our employees in the Public Research Area will assist you, or you may call us at (901) 238-8823. You may also use our link to the Texas comptroller of Public Accounts web site.