



**Presents:**

**Texas Property Taxes**  
**3 Hours of Elective MCE**

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## Introduction

An understanding of the property tax system is essential to the career of any real estate agent in Texas. This three hour CE course will provide licensees with a solid foundation of understanding of the **ad valorem** property tax system in Texas. County Appraisal Districts (CAD), local taxing authorities, tax exemptions, and the tax protest system will be examined. Agents will be able to explain how the system works, what resources are available to the public, and the basics of the protest process to their customers and clients.

Property owners of all types of properties need to understand which entities tax their property, how, when, and the mechanics involved. Having an accurate value, knowing when taxes are due, and who to contact with a property tax issue are all integral to successful property ownership.

This publication is intended to cover the basic aspects of the property tax system in Texas. It does not address all aspects of property tax law or the appraisal process. LHREE is not offering legal advice, and this information neither constitutes nor serves as a substitute for legal advice. Questions regarding the meaning or interpretation of statutes, notice requirements and other matters in the law or in this publication should, as necessary, be directed to an attorney or other appropriate counsel.

Much of the material contained in this booklet is copied, condensed, reworded for simplicity, or abridged from the Texas Comptroller's Property Tax Basics that may be downloaded from the Texas Comptroller's website, [www.window.texas.gov](http://www.window.texas.gov).

The earliest known tax records, dating from approximately six thousand years B.C., are in the form of clay tablets found in the ancient city-state of Lagash in modern day Iraq.

*You can have a Lord, you can have a King, but the man to fear is the tax assessor.*  
~ Anonymous citizen of Lagash

*Pothinus: "Is it possible that Caesar, the conqueror of the world, has time to occupy himself with such a trifle as our taxes?"*  
*Caesar: "My friend, taxes are the chief business of a conqueror of the world."*  
~ George Bernard Shaw, "Caesar and Cleopatra"

*Taxes grow without rain.*  
~ Jewish Proverb

## **Historical methods of real property taxation**

Square footage of improvements  
Square footage or acreage of land  
Square footage of the improvements at ground level  
Number of windows  
Size of roof  
Number and size of hearths  
Percentage of crops raised  
Percentage of crops that could be raised  
Number of rooms  
Number of occupants  
Rental value

## **A little Texas history.....**

by Dr. Gilliland, research economist with the Real Estate Center at Texas A&M University.

Before 1978, the Texas Constitution required all property owners to pay property taxes. Exemptions were few. Government property, churches, schools, and other properties exempted by federal law, were excused from taxation. Agricultural land could qualify for lower valuation based on agricultural use if the owner could meet stringent income tests.

However, no uniform statewide assessment level was imposed. As a result, each taxing entity set its own taxable value (a percentage of market value). Local tax offices operated with little direction from the state. Although the constitution mandated market value on January 1 as the basis for taxation, no statutes forced assessors to revalue properties.

Tax offices proliferated under this system, with most cities, school districts and numerous special districts employing their own tax assessors. These assessors established their own appraisals for assessing taxes. Property owners often faced widely varying values on the same property. For example, the school tax office might appraise a home at \$100,000, the county assessor at \$35,000 and the city assessor at \$50,000. Protest hearings were conducted by each separate tax office.

School tax offices adopted the most aggressive stance on reappraisal and valuations in general because schools relied so heavily on property taxes for operating revenues. Aggressive valuations eventually prompted moves to “rein in” local tax offices. Lawsuits by disgruntled property owners frequently followed attempts to revalue all of the properties in the taxing unit. Typically, suits sought to block the taxing units from using the appraisals to collect taxes, thus starving them of revenues. Assessors learned to avoid litigation by keeping appraised values low for local property owners.

State funding of local schools relies on a system that combines state general fund revenues with local property tax levies. The system is designed to provide a minimum foundation of education to all schools in Texas. The state pays for part of that base and requires the local school district to impose property taxes to provide the remainder.

The amount the state provides varies inversely with the amount of revenue available through the local property tax base. Some school districts were aware that they could increase their state funding by systematically undervaluing local properties, effectively understating the taxable wealth per pupil. Consequently, as the state began to equalize access to revenues, authorities also had to review the appraisal practices of local school tax offices. The state initiated a ratio study to verify that school district assessment practices resulted in appraised values that accurately reflected the market value of the local tax base.

The Governor's Office for Education Resources conducted the first study in the late 1970s. Now, the Property Tax Division of the Office of the Comptroller conducts the study annually for each school district in Texas and adjusts the amount of funding each receives.

Partly prompted by the ratio study's effect on funding, school districts began to systematically reappraise their tax bases. When they did, accelerated rises in property values magnified the differences in appraisal values between comparable properties in the old system, which was based on never-changing values. Taxpayer discontent spread.

In addition, taxpayers began to object to dealing with so many different offices and values. Policymakers fretted over possible lawsuits challenging the legality of the unequal system. The public began to suspect that reappraisal would reduce homeowner taxes. Sentiment for reforming the system began to grow.

Adoption of the Texas Property Tax Code in the late 1970s consolidated the appraisal function of all taxing units into one office in each county (Potter and Randall counties share one single district). Known locally as the Central Appraisal District (CAD), this agency appraises each parcel of property in the county. Individual taxing units use those values to calculate tax liabilities in their jurisdictions. The Texas property tax burden has grown from approximately 1 percent of value in the early 1980s to nearly 3 percent currently.

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## Our Current System

The annual property tax levy includes four phases:

- Appraisal (valuation);
- Equalization (protests);
- Taxation (assessment); and
- Collection (payment).

## The Four Players in the Texas Property Tax System

- The **property owner**, whether residential or business, is responsible for paying taxes and has a reasonable expectation that the taxing process will be fairly administered.
- An **appraisal district** in each county, administered by a chief appraiser, sets the value of your property each year. The appraisal district's board of directors hires the chief appraiser. Local taxing units elect the directors and fund the appraisal district based on the amount of taxes levied in each taxing unit.
- An **appraisal review board** (ARB) hears disagreements between taxpayers and the appraisal district about the taxability and value of property. The appraisal district's board of directors appoints citizens from the community to serve as ARB members.
- Local taxing units**, including the school districts, counties, cities and special districts, decide how much money they must spend to provide public services. Property tax rates are set according to taxing unit budgets. Some taxing units have access to other revenue sources, such as a local sales tax. School districts must rely on the local property tax, in addition to state and federal funds.

*But in this world nothing is certain but death and taxes.*

~ Benjamin Franklin

*Death and taxes may be inevitable, but they shouldn't be related.*

~ J. C. Watts, Jr.

*Be wary of strong drink. It can make you shoot at tax assessors...and miss.*

~ Robert Heinlein

**The Texas local property tax is just that — a *local* tax, assessed locally, collected locally and used locally.**

More than 3,900 local governments in Texas — school districts, cities, counties and various special districts — collect and spend these taxes. Several types of local governments may tax your property. Texas counties and local school districts tax *all* nonexempt property within their jurisdictions. You also may pay property taxes to a city and to special districts such as hospital, junior college or water districts.

The governing body of each of these local governments determines the amount of property taxes it wants to raise and sets its own tax rate. Most local governments other than counties contract with their county's tax assessor-collector to collect the tax on their behalf.

### **Where Does the Money Go?**

The local property tax is the largest single funding source for community services. State government receives no benefit from these local taxes. Your local property taxes help to pay for public schools, streets, roads, police, fire protection and many other vital programs.

### **Special Assessments and Improvement Taxes**

- For improvements benefiting property owners.
- Proposed by property owners or government.
- Notices sent to affected property owners.
- Legislative body passes ordinance.
- Details improvements, costs and owners.
- Assessment roll details \$ to each owner.
- Assessment becomes a lien when confirmed.
- Tax is payable the year after confirmation.
- Collection begins after improvements.
- Tax often paid over 5 to 10 years.

### **What is the State's Role?**

*Texas has no state property tax.* The Legislature has authorized local governments to collect the tax. The state does not set the tax rates, collect the taxes or settle disputes between you and your local governments.

The Comptroller's Property Tax Assistance Division (PTAD) conducts a biennial Property Value Study for each school district in the state, to measure whether their appraisal districts are appraising property at market value and thus ensure appropriate school funding. The Comptroller's study, however, does *not* directly affect local values or tax collections.

## **Market Value**

The most probable price, in terms of money, that a willing buyer will pay a willing seller, with neither party under pressure and with both parties being fully informed or at least adequately advised as to the present and potential future uses to which the property may be put and with the property exposed in the open and competitive market for a reasonable length of time and with the seller capable of conveying marketable title.

*It is the part of the good Shepherd to shear his flock, not slay it.*

*~ Tiberius Caesar*

*The art of taxation consists in so plucking the goose as to get the most feathers with the least hissing.*

*~ Jean Baptiste Colbert*

## **When Do They Do It?**

The property tax process for each tax year includes a series of steps, as follows:

**Jan 1** - CADs are required to appraise property at its value on this date. A lien attaches to each taxable property to ensure property tax payment.

**Jan 31** - Taxes due to local taxing units or county tax assessor-collector.

**Feb 1** - Local taxing units begin charging penalty and interest for unpaid tax bills.

**Apr 1** - Last day to mail notice of value on single family homes.

**Apr 30** - CAD completes appraisals and processes applications for exemptions.

**Apr 30** - Last day for property owners to file notice of protest.

**May 1** - Last day to mail notice of value on properties other than single family.

**May 1** - Appraisal review board begins hearing protests from property owners.

**July 1** - Local taxing units may impose additional penalties for legal costs related to collecting unpaid taxes.

**Aug-Sept** - Local taxing units adopt tax rates.

**Oct 1** - Local taxing units (or county tax assessor-collector, acting on their behalf) begin sending tax bills to property owners.

**Property taxes are:**  
**payable in October**  
**due in January**  
**delinquent in February**

**What Does the Texas Constitution Say?**

The Texas Constitution sets out five basic rules for property taxes in our state:

- Taxation must be **equal and uniform**. No single property or type of property should pay more than its fair share.
- The property taxes you pay are **based on the value of property** you own. If, for instance, your property is worth half as much as the property owned by your neighbor (after any exemptions that apply), your tax bill should be one-half of your neighbor's. This means that *uniform appraisal* is very important.
- Generally, all property must be taxed based on its **current market value**. That's the price it would sell for when both 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 means that the various local governments to which you pay property taxes cannot assign different values to your property; all must use the same value. This is guaranteed by the use of county appraisal districts.
- All property is taxable unless federal or state law **exempts it from the tax**. These exemptions may exclude all or part of your property's value from taxation.

**Remember.....**

An appraisal district can answer questions about property values, exemptions, agricultural appraisal and protests.

Your taxing units can answer questions about tax rates and tax bills.



*What is the difference between a taxidermist and a tax assessor? A taxidermist takes only your skin.*

*~ Mark Twain*

*Taxation is just a sophisticated way of demanding money with menaces.*

*~ Terry Pratchett*

*The tax collector must love poor people - he's creating so many of them.*

*~ Bill Vaughn*

### **Texas Taxpayers' Bill of Rights**

1. You have the right to equal and uniform taxation.
2. You have the right to ensure that your property is appraised uniformly with similar property in your county.
3. You have the right to have your property appraised according to generally accepted appraisal techniques and other requirements of law.
4. You have the right to receive exemptions or other tax relief for which you qualify and apply timely.
5. You have the right to notice of property value increases, exemption changes and estimated tax amounts.
6. You have the right to inspect non-confidential information used to appraise your property.
7. You have the right to protest your property's value and other appraisal matters to an appraisal review board composed of an impartial group of citizens in your community.
8. You have the right to appeal the appraisal review board's decision to district court in the county where the property is located.
9. You have the right to fair treatment by the appraisal district, the appraisal review board and the tax assessor-collector.
10. You have the right to voice your opinions at open public meetings about proposed tax rates and to ask questions of the governing body responsible for setting tax rates.
11. You have the right to an election to limit a tax increase in certain circumstances.
12. You have the right to receive a free copy of the pamphlet entitled "Property Taxpayer Remedies" published by the Texas Comptroller of Public Accounts.

**Other things you need to know.....**

1. CADs may use mass appraisals.
2. The value of a homestead must be determined on its use as a homestead.
3. The value of property is an estimate of the price for which it would sell on Jan. 1.
4. A sale cannot be considered as a comparable if it is more than 24 months old.
5. Foreclosures must be used as comps, when warranted.
6. Comps in a declining economy must be used.
7. Owners must receive a notice of an increase in appraised value.
8. Chief appraiser cannot go up on value in a year after a successful protest unless supported by substantial evidence and with the CAD having the burden of proof.
9. Max 10% per year increase on a homestead.

**Property tax exemptions for homesteads!**

An exemption removes part of the value of property from taxation and lowers your tax bill. For example, if your home is valued at \$150,000 and you qualify for a \$15,000 exemption, you pay taxes on the home as if it were worth \$135,000. Exemptions discussed apply to homesteads and not to any other property.

- a) To qualify for a homestead exemption, you must own and occupy the home as your principal residence on Jan. 1.
- b) It can be a separate structure, condominium or a manufactured home located on leased land, as long as you own the home itself.
- c) A homestead includes the house and the land used as a residence, not to exceed 20 acres.
- d) You may not receive a homestead exemption for more than one property in the same year.
- e) If you temporarily move away, you can still receive an exemption as long you intend to return and do not establish another principal residence.

- f) “Temporarily” generally means an absence of less than two years. An absence for military service or a stay in a facility providing services related to health, infirmity or aging, however, may be longer. For instance, if you enter a nursing home, your home still qualifies as your homestead if you intend to return and occupy it as your principal residence, even if you are away indefinitely.
- g) You are entitled to an exemption from county property valuation of \$3,000 of the value of your residence homestead.
- h) You are also entitled to exemption from school district valuation of \$15,000 of the appraised value of your residence homestead.
- i) Any taxing unit **may** offer an exemption of up to 20 percent of your home’s value, with a minimum of \$5,000.

**Exemptions for those age 65 or older or disabled.**

- a) You may not receive both a disabled and an 65+ homestead exemption but may choose either.
- b) 65+ or disabled qualify for an additional \$10,000 homestead exemption from school district valuation in addition to the \$15,000 exemption previously discussed. This exemption applies as of Jan. 1 of the year in which you attain age 65.
- c) Any taxing unit - including a school district - can offer an additional exemption of **at least** \$3,000 for homeowners 65+ or disabled.
- d) 65+ or disabled also qualifies you for a tax ceiling on your school district taxes; that is, the school district taxes on your home cannot increase as long as you own and live in it. The ceiling also cannot expire if your home is made uninhabitable. The tax ceiling is set at the amount paid in the year that you qualified for the age 65+ exemption. This provision allows for your school district taxes to fall below the ceiling. A tax ceiling can go up if your home is improved
- e) When a homeowner who has been receiving the 65+ or disabled exemption and tax ceiling dies, the exemption and ceiling transfer to the surviving spouse, as long as he or she is age 55 or older and the residence homestead was his or her homestead on the date of the spouse 's death.

- f) If you buy another home in Texas, you may transfer the **percentage** of school tax paid based on the former home's 65+ or disabled school tax ceiling to your new home. For example, if you currently have a tax ceiling of \$100, but would pay \$400 in school district taxes without the tax ceiling, the percentage of tax paid is 25%. If the taxes on your new home are \$1,000, the new school tax ceiling would be \$250, or 25% of \$1,000.

### **65+ or disabled installment plan**

If you are qualified for the age 65-or-older, disabled or the unmarried surviving spouse of a disabled veteran homestead exemptions, you may pay your current taxes on your home in four installments.

You must pay at least one-fourth of your taxes before the Feb. 1 delinquency date. The remaining payments are due before April 1, June 1 and Aug. 1, without any penalty or interest.

Homeowners and some small businesses whose property is damaged in a disaster and are located in a designated disaster area also may pay their taxes in four installments, in the same months as age 65 or older, disabled, or unmarried surviving spouse of disabled veteran homeowners.

### **The 65+ or disabled tax deferral**

If you are a homeowner age 65 or older or disabled, you may defer or postpone paying any property taxes on the full taxable value of your home for as long as you own and live in it. To postpone your tax payments, you must file a tax deferral affidavit with your appraisal district. This deferral applies to all property taxes of the taxing units that tax your home.

A tax deferral, however, only postpones your tax liability. It does not cancel it. Interest on the amount due accrues at the rate of 5% a year. Past taxes and interest become due 181 days after you, or your surviving spouse, no longer own or live in the home that you qualified as a homestead. Any penalty and interest that was due on the tax bill for the home before the tax deferral will remain on the property and become due when the deferral ends.

You may abate a delinquent tax lawsuit by filing this affidavit with the court. You may stop a pending tax sale by filing the affidavit with the officer conducting the sale and the appraisal district, taxing unit or taxing unit's delinquent tax attorney.

## **Exemptions for veterans**

- a) All or part of the residence of a disabled veteran **may** be exempt from property taxation.
- b) If you are a disabled veteran who receives 100% disability compensation you are entitled to an exemption of the total appraised value of your residence homestead. (Prorated if less than 100%.)
- c) If you are the surviving spouse of a disabled veteran who qualified for this exemption when the veteran died you may be entitled to the same exemption. You are not eligible for the exemption if you remarry.
- d) Without a surviving spouse, surviving children will split the exemption.

## **The property tax value protest system (equalization).**

You may present objections about your property value, exemptions and special appraisal in a hearing to an appraisal review board. The appraisal review board is an impartial panel of fellow citizens authorized to resolve disputes between you and the appraisal district. After listening to you and to the chief appraiser, the appraisal review board will make a determination regarding your property value. The board's decisions are binding only for the years in question.

Usually, the appraisal district's board of directors appoints appraisal review board members. These members must be residents of the appraisal district for at least two years to serve. Current officers and employees of the appraisal district, taxing units and the Comptroller's office may not serve. In counties with populations of more than 100,000, former directors, officers and employees of the appraisal district cannot serve on an appraisal review board.

Appraisal review board members also must comply with special state laws on conflict of interest and must complete training courses and receive certificates of course completion from the Comptroller's office.

Appraisal review board hearings are open to the public. The appraisal review board must develop hearing procedures and must post these procedures in a prominent place in the room in which hearings are held. The chief appraiser must publicize annually the right to and methods for protests before the appraisal review board.

The appraisal review board generally begins hearing protests after May 1 and must complete most of the hearings by July 20. This deadline may be extended to a later date in some larger

counties. When the appraisal review board finishes its work, the appraisal district gives each taxing unit a list of taxable property, called a certified appraisal roll.

Many appraisal districts will informally meet with you to discuss your protest with you to try to resolve your concerns.

Each appraisal district in a county having a population of 500,000 or more that maintains a website accessible to the public must implement a system that allows homestead owners to:

- file a notice of protest electronically with the appraisal review board;
- receive and review comparable sales data and other evidence that the chief appraiser intends to use at your protest hearing electronically;
- receive, as applicable, an electronic settlement offer from the appraisal district to correct the appraisal records by changing the market value and, if applicable, the appraised value of your property, or a notice from the appraisal district that a settlement offer will not be made; and
- accept or reject a settlement offer electronically.

This service is not required in areas that the chief appraiser determines that factors affecting market value are unusually complex or to an owner who has designated an agent.

You can protest if you believe any of the following occurred:

- the proposed value of your property is excessive;
- your property was valued unequally compared with other similar property in the district;
- the chief appraiser denied an exemption;
- the chief appraiser denied a special appraisal, such as an agricultural appraisal;
- the chief appraiser wrongly determined that you took your land out of agricultural use;
- the appraisal records show an incorrect owner for your property;
- your property was incorrectly included on the appraisal records;
- your property is being taxed by the wrong taxing units;
- the chief appraiser or appraisal review board failed to send you a notice that the law requires them to send; or
- any other action that the appraisal district, chief appraiser or appraisal review board took that applies to and adversely affects you.

The appraisal review board will notify you at least 15 days in advance of the date, time and place of your hearing. Please keep in mind that the appraisal review board must send you a notice 15 days in advance, but you will probably have less than 15 days by the time you receive it. You should try to discuss your protest issue with the appraisal district before your hearing. You may be able to work out a satisfactory solution without appearing before the appraisal review board.

At least 14 days before your protest hearing, the appraisal district will mail you:

- a copy of the Comptroller's Property Taxpayer Remedies pamphlet;
- a copy of the appraisal review board procedures;
- a statement affirming that you may inspect and obtain a copy of the data, schedules, formulas and any other information the chief appraiser plans to introduce at your hearing; and
- notice of your right to postpone the hearing.

This material is usually mailed with the notice of hearing. You may represent yourself in any property tax matter, or appoint an agent to handle specific duties. To appoint an agent you must provide that person with written authorization to represent you. You must use the Appointment of Agent for Property Taxes form available from the appraisal district or the Comptroller's office.

If a property owner submits to the appraisal district a properly conducted, recently completed and certified appraisal of property value made by a licensed appraiser at least 14 days before the hearing, the appraisal district has the burden of establishing the value of the property by clear and convincing evidence. If the appraisal district fails to do so, the appraisal review board is required to rule in favor of the property owner.

### **Appealing the appraisal review board's decision.**

You may appeal to district court. You must file a petition for review with the district court within 60 days after receiving notice that a final order has been entered, or at any time after the hearing, but before the 60-day deadline. You also are required to make a partial payment of taxes, usually the amount of taxes not in dispute, before the delinquency date. At the district court, you may ask to have your appeal re- solved by a jury or by a judge.

You may appeal through binding arbitration. Binding arbitration is only available for value determinations by appraisal review boards. Binding arbitration is available only if your property is:

- a residential homestead, regardless of value; or
- a property with an appraised value of \$1 million or less.

As with filing a suit in district court, if you request binding arbitration you must pay taxes that are not in dispute before the delinquency date. To appeal an appraisal review board order to binding arbitration, you must file with the appraisal district not later than the 45th day after receiving notice of the order. To apply for binding arbitration, you must complete the re- quest form prepared by the Comptroller and submit it and a \$500 deposit, or \$250 if you request expedited arbitration. An expedited arbitration provides you no more than one hour of argument and testimony and limits the appraisal district to the same.

After receiving your request from the appraisal district, the Comptroller's office will send you a website address featuring a registry of available arbitrators. At the website, you and the appraisal district may select a mutually agreeable arbitrator.

If the arbitrator's decision is closer to your opinion of value stated in your request, the appraisal district will pay the arbitrator's fee and the Comptroller's office will refund your deposit, less 10%. Otherwise, you pay the fee.

You may appeal to the State Office of Administrative Hearings.

Under this program, you may appeal to the SOAH an appraisal review board decision on a protest concerning your property if the appraised or market value, as applicable, is more than \$1 million. To appeal an appraisal review board order to SOAH, you must file with the chief appraiser not later than the 30th day after the date you receive notice of the order, a completed notice of appeal to SOAH in the form prescribed. You must file a \$1,500 deposit not later than the 90th day after the date the property owner receives notice of the order. The chief administrative law judge will prescribe the form of notice of appeal. The form must require that you provide a copy of the appraisal review board's order; a brief statement explaining the basis for your appeal; and a statement of your opinion of the appraised or market value, as applicable, of the property.

As soon as practicable after receiving of a notice of appeal, a chief appraiser must indicate, where appropriate, those entries in the records that are subject to the appeal; submit the notice of appeal and filing fee to SOAH; and request the appointment of a qualified administrative law judge to hear the appeal.

*What at first was plunder assumed the softer name of revenue.*

~ Thomas Paine

*There's nothing wrong with the younger generation that becoming taxpayers won't cure.*

~ Dan Bennett

*The difference between death and taxes is death doesn't get worse every time Congress meets.*

~ Will Rogers



## Taxation

Once the appraisal review board approves the appraisal records, the chief appraiser prepares an appraisal roll for each taxing unit. An appraisal roll lists all the taxable property within the unit's boundaries. The appraisal district's job is then finished for the current year. It has, at least in theory, provided a set of equal and uniform property values.

The elected officials of each taxing unit adopt tax rates annually, generally in August or September. The tax roll is created when tax rates are applied to appraised values. After receiving the appraisal roll, each governing body must decide what services they will provide in the coming year and determine how much money it will need to do so.

The taxing unit must identify its needs and prepare a budget to meet them. To assist, the chief appraiser prepares and certifies to the tax assessor-collector, by April 30, an estimate of the taxable value of property within that taxing unit. The taxing unit then must decide how much property tax revenue is necessary to fund that budget and, based on current year's values, what tax rate is needed to produce that amount. The taxing unit also must determine the tax revenue it will need to pay its long-term debt.

The taxing unit must hold a public hearing on the proposed budget, and publicize its date, time and location. The proposed budget must be made available for your inspection. If your city or county proposes a budget that will require more property tax revenue than in the preceding year, it must include the amount of the proposed increase in its public notice.

The no new revenue tax rate is the rate your local government needs to generate about the same amount of revenue it received in the year before on properties taxed in both years. If property values rise, the no new revenue tax rate will go down, and vice versa. The actual tax rate, however, depends on the budget adopted by the governing body.

The voter approval tax rate, by contrast, would provide cities, counties and special districts with about the same amount of tax revenue it spent in the previous year for day-to-day operations, plus an extra 8% increase for operating expenses and sufficient revenue to pay its debts in the coming year. The voter approval tax rate for school districts authorizes an additional four cents.

If your local taxing unit adopts a tax rate higher than the voter approval tax rate, an election to approve or reduce the tax rate to the voter approval tax rate is held. If a majority votes not to approve the rate, the tax rate is reduced to the voter approval tax rate immediately. For school districts, if a majority votes against ratifying the school district's adopted tax rate, the school district's trustees must adopt a rate not exceeding the voter approval tax rate.

## Property Tax Liens

Property tax liens are statutory liens placed automatically on each property at the first of each year. They are removed when the tax is paid. However, if the tax is not paid, the property may be foreclosed upon by the taxing authority. A property tax lien is the highest priority lien in Texas! Upon foreclosure under this lien all other liens are extinguished. The property will be sold to the highest bidder at public action.

Tax foreclosures under a property tax lien in Texas are subject to two rights of redemption. After foreclosure of a homestead the taxpayer may pay the taxes and have the property returned. The taxpayer may exercise the redemption right within two years after the date of filing for record of the purchaser's deed. Upon payment of the amount of the bid for the property by the purchaser at foreclosure, including a one dollar tax deed, recording fees and all taxes, penalties, interest and costs paid, plus 25% of the aggregate total in the first year and 50% in the second. All other property has a redemption period of six months with the 25% penalty to redeem. Tax liens may not be enforced if they are over 20 years old.

*When there's a single thief, it's robbery. When there are a thousand thieves, it's taxation.*  
~ Vanya Cohen

*Why does a slight tax increase cost you two hundred dollars and a substantial tax cut save you thirty cents?*  
~ Peg Bracken

*The wisdom of man never yet contrived a system of taxation that would operate with perfect equality.*  
~ Andrew Jackson