

UNDERSTANDING
PROPERTY

TAXES in TEXAS



Understanding Property Taxes in Texas

If you're going to live in Texas, part of your experience will most likely involve property taxes at some point, if you wish to own any land. While the premise isn't overly complicated, knowing more about property taxes in Texas is essential to understanding the worth of your property.

The Constitutional Standards of Texas Property Taxes

The Lone Star State's constitution sets forth five standards outlining property tax laws. These five standards are:

- ❖ Taxation must be equal and uniform
- ❖ With some exceptions, all tangible property must be taxed on its January 1 market value
- ❖ All property is taxable unless federal or state law provides an exemption for it
- ❖ Property owners have a right to reasonable notice of increases in appraised property values
- ❖ Each property in a given appraisal district must have one appraised value

The Taxation System in Texas

Those five points may seem straightforward enough, but the taxation system itself has three more components to consider.

The first is that your property belongs in a specific appraisal district. These districts all have their own chief appraiser who is an administrator who works in tandem with a board of directors. This person's job is to essentially assign values to taxable property in the district for each year.

Once you understand your property taxes, you're free to file a disagreement. In such a scenario, an Appraisal Review Board (ARB) will hear your case and decide whether you or the appraiser is correct when it comes to your property's worth.

The third element involved is what are called taxing units. These are the parties that will actually be spending the taxes. They include cities, counties, school districts, and other, special districts. Each comes up with an amount they plan on spending every year and, pending its approval, that's how much money you and your neighbors will need to put forward in taxes in order to ensure their operation.

To summarize, this whole system has four steps:

- ❖ Valuing all the taxable properties
- ❖ Hearing any disagreements
- ❖ Accepting the tax rate
- ❖ Taxing the property and collecting the money

Appraisals and Exceptions

Property appraisals begin every year on January 1st and generally last until late April. During that time, the appraisal board will also entertain applications for exemptions, timber and agricultural appraisals and other attempts at receiving tax relief.

Starting around May 15th, property owners can begin protesting their appraisals or exemption denials. The board in charge of hearing these complaints is made up of independent citizens who will render a decision and then hand it over to the chief appraiser.

When this step is done, the chief appraiser assigns taxable properties to each taxing unit. This list of properties is called an appraisal roll.

Adopting Tax Rates

In September or October, elected officials representing each taxing unit will adopt tax rates to cover their debt payments and necessary operations. Most properties will have at least a few units they're responsible for.

Tax Collection

Tax collection in Texas starts in October and November when bills get sent out. Taxpayers are given until January 31st of that following year to settle the amount they owe. Property taxes are officially delinquent on Feb 1st. A suite can be filed if the taxes are delinquent past June 30 of the year in which they are due, though know that interest charges that will continue to accumulate so long as the bill goes unpaid.

The taxing units are generally responsible for pursuing legal action if they are missing property taxes from anyone assigned to them. Once the taxes are considered delinquent, they can file suit.

Although you may still want to see the help of a tax professional for your land, the above should help you better understand how property taxes work in Texas.

Source:

<http://www.hcad.org/help/process/guide.asp>

Property Tax Funding is a Texas based company that offers an alternative to the lump sum payment of property taxes. A property tax loan from Property Tax Funding will immediately pay off all taxes owed on your property including penalties, interest, and even court costs. Our property tax loans are easy to qualify for, even with bad credit, and we allow you to pick a monthly payment that fits within your budget.

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