

Effectively Protesting Your Property's Appraised Value for Taxes

(the most immediate form of tax relief)



Provided courtesy of
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If you believe the value of your property as determined by the Appraisal District (CAD) exceeds the market value, you have the right to protest. In order to be effective, you must understand the process and prepare accordingly. These helpful hints are intended to aid you during the process.

The Terms

You will receive your notice of appraised value in the spring, usually late March or April. The notice will include last year's value, the proposed market and assessed values, and an estimate of the tax bill that results from the proposed value using prior year rates.

Market value is what your property would sell for on the open market assuming a willing buyer and a willing seller and is the value required by law for tax purposes. You should protest your market value if you believe the value arrived at by the CAD exceeds what you would sell it for or if it is out of line with comparable properties in your neighborhood .

The assessed value is the value that will be used by the taxing authorities to determine the amount of your taxes for the current year. The assessed value may be less than the market value, particularly if it is your homestead. Texas law limits the increase in your homestead's taxable value to no more than 10% per year. This "10% cap" results in the terminology being used that your home's value is "capped". Only homesteaded residential property may be "capped" under current law. If your property is capped, a successful protest may or may not reduce your assessed value (and resulting tax liability) for the current year.

The Players

- Appraisal District personnel (employed by the Chief Appraiser including office staff, department managers, appraisers, etc.)
- Chief Appraiser (employed by the CAD Board of Directors)
- Appraisal Review Board or ARB (citizens who live in the boundaries of the CAD who are responsible for hearing complaints by property owners and/or taxing authorities; appointed by the CAD Board of Directors; term limited to three 2-year terms; not CAD employees although their salaries are funded by the CAD) Typically, the ARB breaks into three-person panels to hear individual protests by property owners. ARB panels do the best job they can with the information presented to them by the property owner and the CAD to determine the fair market value of a property.
- Arbitrator (The 79th Legislature created this new player in the mix. Owners of property valued below \$1M may now request binding arbitration as an alternative to appealing value decisions to the District Courts. The State Comptroller of Public Accounts maintains a registry of qualified arbitrators who have completed State approved training and are licensed real estate brokers, sales people, or appraisers.)

Understand the Process

You have 30 days from the date of your Notice of Appraised Value or until May 31st, whichever is later, to schedule an appointment for an informal conference with a CAD appraiser. You may mail in the request form that is provided along with the Notice; however, this may result in your request being formal and your ARB hearing could be held the same day as your informal conference with the appraiser. This is fine as long as you arrive prepared. Whether calling or writing to schedule an appointment, ask for copies of your appraisal card and any and all information used to determine your value so that you have time to prepare your case, particularly if you are mailing in your protest form. Arrange to pick up this information either the day of your informal conference or in advance of it.

You will report to an assembly room, and will be called for your conference with an appraiser. This meeting is called the informal conference. It will take place in the appraiser's office, one-on-one and is your first opportunity to reach agreement on a satisfactory market value for your property. Many cases are settled during this informal meeting. Present your information and opinion of value to the appraiser. State your opinion, present supporting documents, and then give the appraiser time to consider your information and check against their own data on comparable sales. Allow the appraiser time to consider if an adjustment is indicated. If you reach agreement, you can sign the papers right there, and go home.

If you are unable to reach an agreement with the appraiser, you have the right to take your protest before the ARB panel for a formal hearing. It could possibly take place the same day, particularly if you sign the notice waiver or if you mailed in your request for the conference. In that instance, you will return to the waiting room to be called to the formal ARB hearing. You may also ask that a formal hearing be scheduled for some date in the future. This is preferable if you have not taken time to review the information used by the CAD in estimating your value.

It is important for you to know that the information presented by the appraiser during the informal conference is the same information that will be presented by the CAD during the ARB hearing. If the appraiser presented information that you would like to verify or investigate, it is wise to obtain a copy of all information used to determine your value and conduct your own independent research prior to the ARB hearing.

All formal hearings are open to the public, but the usual participants include a CAD appraiser (not typically the same one who conducted the informal hearing), a clerk who does paperwork and records the hearing, and up to a three person panel of the ARB, and you. The hearing will be conducted by the Chairman of the ARB panel, following a standard protocol which includes introductions, a brief description of the process that will be followed, an introduction of the property that includes account number, address and legal description, exchange of information (during which time you provide the ARB four copies of your information packet—one for each panel member and one for the appraiser).

Any dispute about the property, i.e. incorrect square footage, etc., which should have been resolved during the informal conference, may be resolved at this point. If unable to resolve a dispute that may significantly affect the market value, the Chairman of the ARB panel has the option of recessing the hearing for field check by the District. In this event, the hearing would be continued at a later date after the field check. This occurs in a small number of cases.

The formal hearing will continue with the property owner's presentation. When you begin your presentation, the ARB members will be following the information presented by you in your packet. The ARB will then ask questions. At that point, the CAD appraiser will make a presentation on behalf of the District, citing information in support of the District's opinion of value. The property owner has a rebuttal opportunity. When complete, the ARB may ask questions of the appraiser, and property owner to clarify any issues raised by the appraiser.

After final comments, the ARB Chairman will close the record, and the panel will reach a decision on their opinion of market value immediately. The ARB's determination will be read into the record, and the hearing is over. The entire process will take about 20 minutes.

Please note that the ARB panel is not bound by any offers made by the District in the informal conference. ARB members are independent and reach their own conclusions. The ARB panel may do one of three things—leave the value alone, increase, or decrease it. Note that although increasing the value does not happen often, it DOES happen. Also—understand that the ARB panel can only affect the total value and may not designate whether the value change is attributable to the land or the improvements.

The ARB determination of your property's market value may be appealed to a qualified arbitrator as an alternative to a District Court appeal process. Arbitration is limited to real property appraised at \$1 million or less. Property owners must file a request for binding arbitration with the chief appraiser and remit a \$500 deposit no later than 45 days following receipt of the ARB order.

Preparation

Preparation is the key to a successful protest. Here are some hints.

1. Assemble an original and four copies of your packet including the following information. One is for the CAD, one for each of the three panel members and the original is for you.
 - ⇒ Summary sheet of your property
 - ⇒ Notice of value from the Appraisal District
 - ⇒ CAD appraisal card
 - ⇒ Photos
 - ⇒ Comparable sales analysis
 - ⇒ Analysis of the proposed market values for similar properties on your street
 - ⇒ A map and listing of the comparable properties used by both you and the CAD (from the CAD website you can print a map of your general area)
 - ⇒ Summary of other similar properties on your street
 - ⇒ Estimates of repair if appropriate
2. The summary sheet should include a brief description of the property, date purchased and amount (if within the past 10 years or so), the CAD proposed market value, your opinion of market value, the reason for your protest, and a listing of the contents of your packet.
3. Photos should be recent (within the last year), including a front view from the street, and perhaps a back yard view. The purpose of the photos is to quickly satisfy the ARB's need to understand "what does the property look like?" (Present photos even if the house looks spectacular. ARB members appreciate photos.)

If you intend to argue that there is significant deferred maintenance or structural problems with the property, detailed photos clearly showing significant overall deterioration, structural problems due to foundation problems, termites, or other damage are suggested. It is a good idea to label the photos.

4. In most cases, your analysis of comparable sales is the most important part of your package. It should be concise and orderly and include sales of comparable properties in your neighborhood within the past 12-18 months. The idea is to show that your property is appraised too high on a \$ per square foot basis compared to actual recent sales of similar properties in your neighborhood. You may want to separate land from improvement values for each comparable (use the CAD website to obtain information about the comparable properties you are using)

Adjustments should be made for swimming pools, garages, porches, age, condition, and any other differences. Contact the CAD or a friendly real estate salesperson to locate sales information. Property owners are encouraged to review the information available at the CAD office. If you obtained your property's appraisal card and listing of sales used by the CAD to determine your value, you will want to research these properties and include them in your analysis.

Keep in mind that you have the advantage of being able to out-prepare the District. This is because you have only one property to prepare while they have thousands. CADs use **mass appraisal techniques** to value properties. Mass appraisal does not adjust for unique features of your property unless you provide the information.

5. If your property has serious problems that affect its market value, the comparable sales analysis should show what the market value would be if it were in good condition. Then present evidence (photos) along with estimates for all repairs. Documentation is essential. For example, if your house has a foundation problem, have at least one estimate from a reliable firm for the cost to repair. Likewise for termite or structural damage, or substantial deferred maintenance. Photos of such problems are essential.

Don't try to nickel and dime deferred maintenance such as painting, an aging roof, bad fence and cracked driveway. Unless unusual for the neighborhood, these items typically do not have a great impact on the values. Also, the CAD doesn't increase your value when you replace the roof or repair a cracked driveway. You should show an aggregation of problems resulting from deferred maintenance that definitely would impact what a buyer is willing to pay.

The date of value used is January 1 of that tax year. If the property had a significant problem on January 1 and has since been repaired, you can present your actual cost as a basis for adjusting downward the value for the year. Conversely, if significant storm or fire damage occurred after January 1, you're out of luck for the current tax year. That's the law. Do notify the Appraisal District so they can make an appropriate adjustment to value for the following year.

6. An "unequal appraisal" analysis is also a basis for protesting your market value but is a complicated and difficult case to prove. An analysis showing that your property is out of line on a price/square foot basis compared to the noticed market values of other similar properties in your neighborhood can be useful. In most cases, the ARB members are more likely to be influenced by this information than the CAD. In short, if an appraisal analysis of all the properties on your street creates a case, use it as a back-up position but not as the leading argument. **Do not use the phrase "unequal appraisal"** unless you are prepared to do the homework necessary to use this method. The laws are real specific.
7. Practice your presentation. Be able to make it in four minutes or less. The ARB panels are very good at reviewing the written information and listening to you at the same time. They appreciate a well-prepared, documented, concise presentation. The better prepared, the more concise you can be.
8. Never lie. You will be under oath. If a panel member suspects you are lying or avoiding a direct answer to a question, you may lose your credibility and probably your case.
9. Do not expect the ARB to change things that are a matter of law. For example, if you strongly believe that the 10% cap should be reduced, you must work through organizations like CLOUT to change the law. The CAD cannot change the law.

Protest ABCs for Savvy Property Owners

- A Don't miss the May 31st deadline to schedule your appointment for an informal conference or ARB hearing
- B If you have not received your Notice before the end of May, contact your appraisal district. You may also go on-line (in Galveston, www.galvestoncad.org) and search for your property's value information on your own. Appraisal notice values are posted on the Galveston CAD website within a couple of days of being placed in the mail.
- C If your value increased, chances are your neighbors did as well. Research it and encourage everyone to protest their value.
- D Obtain the information used to determine your value from the CAD.
- E Verify that the information listed on your property is accurate (square footages, porches, etc.) . Re-measure the house yourself.
- F Effective age is NOT the actual age.
- G Take photographs and obtain legitimate estimates for repairs from reputable companies
- H Contact the buyers or sellers of the comparables used to value your home. Contact the real estate agents involved. Was personal property included as part of the sale? Was the purchaser highly motivated? Do your homework!
- I When in your meetings, forget politics and stick to the facts.
- J Forget that your taxes are too high. Everyone's taxes are too high. The tax liability is not relevant to the market value and that is the only thing the CAD can do anything about.
- K No one at the CAD or on the ARB is interested in buying your home for the market value estimated. The

computer ran the numbers and you must verify and argue that the computer was or was not accurate.

- L Explain the differences between your home and the comparables (location, natural influences, etc.)
- M The best closing line is, ""Your appraisal team has many houses to review - I'm an expert on one - my own!"
- N Smile, be positive, and concise. Crying doesn't truly help nor does raising your voice. Be polite. Avoid calling the ARB and CAD staff "YOU PEOPLE". Do not use vulgar language. Do NOT get angry. Do not insult the appraisers!

Interesting Tidbits

- In 2005, the Galveston Central Appraisal District sent out nearly 110,000 appraisal notices. Nearly 30,000 people filed formal protests and virtually all participated in an informal conference with appraisal staff. More than 29,000 were resolved to the taxpayer's satisfaction (an agreement was signed) . The ARB changed values on 582 properties and 254 were denied and of those, few owners filed appeal in District Court.
- In 2006, nearly 125,000 appraisal notices were mailed, 17% of the owners participated in an informal conference and 95% were resolved in the informal conference. Of the 1,165 formal ARB hearings held, 960 or 82% were approved. In other words, a high rate of success results when property owners take the time to do their homework and present a reasonable case in the Galveston CAD.
- There are no real "bad guys" as far as property taxes go. The State Legislature created the laws that everyone else must comply with. The CAD's are answerable to the Comptroller via the Property Value or Ratio Study. (*The CAD must achieve market value or risk endangering the State funding for the school districts within their jurisdiction.*) Local government officials are answerable to you when adopting their budgets and setting the tax rates that are applied to your market value.
- For additional valuable information, please see the Comptroller of Public Accounts (CPA) publication, "Taxpayer Rights, Remedies and Responsibilities" available at Appraisal District and Tax Offices or online from the CPA web-site (www.window.state.tx.us/taxinfo)

Protesting your property values is the most effective and immediate tax relief available to you. Avail yourself of this right under the law.

Other Options?

Hire a Property Tax Agent. There are many and all are different. We are sorry but we cannot advise you in the selection of an agent.

Provided courtesy of:

Cheryl E. Johnson
Galveston **TAX** Assessor
County **Collector**

Organizations Dedicated to Taxpayer Relief

Name	Web Address	Other Information
\$ Citizens Lowering Our Unfair Taxes	www.clouttexas.com	Radio Affiliate: KSEV 700 am
\$ Americans for Prosperity	www.americansforprosperity.org texas@AFPhq.org	807 Brazos Street #210 Austin, TX 78701 (512) 476-5905
\$ Texans for Taxpayer Relief	www.taxpayerrelief.com info@taxpayerrelief.com	PMB 391, P.O. Box 2013 Austin, Texas 78768
\$ Appraisal Cap.Com	www.appraisalcap.com	Go on-line and sign the petition!

Disclaimer: The information and suggestions presented herein are intended to be useful and relevant for protesting values in most Appraisal Districts. Procedures may vary slightly from one CAD to another. No warranties or claims regarding the accuracy or usefulness of the information presented above is made. Use of this information is no substitute for professional or legal advice, or for your own common sense.