Valuing Property

Each county's appraisal district determines the value of all taxable property within the county. Before the appraisals begin, the district compiles a list of taxable property. The listing for each property contains a description and the name and address of the owner.

The appraised home value for a homeowner who qualifies his or her homestead for exemptions in the preceding and current year may not increase more than 10 percent per year.

Property Tax Code Section 23.23(a) sets 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: (1) the market value of the property; or (2) the sum of: (A) 10 percent of the appraised value of the property for last year; (B) the appraised value of the property for last year; and (C) the market value of all new improvements to the property, excluding a replacement structure for one that was rendered uninhabitable or unusable by a casualty or by mold or water damage. The appraisal limitation first applies in the year after the homeowner qualifies for the homestead exemption.

How is your property valued?

The appraisal district must repeat its appraisal process for property at least once every three years.

To save time and money, the appraisal district uses *mass appraisal* to appraise large numbers of properties. In a mass appraisal, 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 data from recent property sales, the district appraises the value of typical properties in each class. Taking into account differences such as age or location, the district uses "typical" property values to appraise all the properties in each class.

The appraisal district may use three common methods to value property: the market, income and cost approaches.

The market approach is most often used and simply asks, "What are properties similar to this property selling for?" The value of your home is an estimate of the price your home would sell for on Jan. 1. The appraisal district compares your home to similar homes that have sold recently and determines your home's value.

Other methods are used to appraise types of properties that don't often sell, such as utility companies and oil leases. The income approach asks, "What would an investor pay in anticipation of future income from the property?" The cost approach asks, "How much would it cost to replace the property with one of equal utility?"

What if your property value rises?

A *notice of appraised value* tells you if the appraisal district intends to increase the value of your property.

Chief appraisers send two kinds of notices of appraised value. A detailed notice contains a description of your property, its value, the exemptions and an estimate of taxes that might be owed.

This notice is sent:

- **if the value of your property is higher than it was in the previous year.** (The appraisal district's board can decide that it will send detailed notices only if a property's value increases by more than $1,000.);
- **if the value of your property is higher than the value you gave on a rendition (see next section); or**
- **if your property wasn't on the appraisal district's records in the previous year.**

If these conditions do not apply, the chief appraiser will send you a short notice, without the tax estimate, when your property is reappraised or changes hands, or upon request by you or your agent.

The chief appraiser must send you the notice of appraised value by May 1 or April 1 for residences, or as soon thereafter as possible. If you disagree with this value, you have until May 31 or 30 days from the date the notice was mailed (whichever is later) to file a protest with the ARB.

The notice of appraised value explains how and when you can file a protest with the ARB if you disagree with the district's actions, and will include a protest form.

What is a rendition?

A *rendition* is a form you may use to report the taxable property you own on Jan. 1 to your appraisal district. You may render both real and personal property. The rendition identifies, describes and gives the location of your taxable property.

Business owners must report a rendition of their personal property. Other property owners may submit a rendition if they choose.

Persons filing renditions who are not the property owner, owner's employee or owner's affiliated entity must have the rendition notarized.

If the total taxable value of your personal property is less than $500 in any one taxing unit, the property is exempt in that taxing unit.

- **Advantages: If you file a rendition, you are in a better position to exercise your rights as a taxpayer.**
    - Your correct mailing address is established on record so taxing units will send your tax bills to the right address.
    - Your opinion of your property's value is on record with the appraisal district. The chief appraiser must send you a notice of appraised value if he or she places a higher value on your property than the value you listed on your rendition.
- **Deadline: File your rendition with the appraisal district after Jan. 1 and no later than April 15.**
  You may apply, in writing, for a mandatory extension to May 15. The chief appraiser may extend the deadline another 15 days beyond May 15 if you can show good cause for needing an extension.
- **Requirements: If you own tangible personal property that is used to produce income, you must report this property on a rendition form every year.**
  Businesses, for instance, must report their inventories, furniture, fixtures, equipment and machinery on a rendition. State law contains stiff penalties for delinquent or fraudulent renditions. Check with the appraisal district for rendition forms and more information about rendering business personal property.

The appraisal district must keep renditions and any income and expense information that you file about your property confidential.