



Protesting Property Value

The most immediate tax relief for Texas property owners!



Texas Taxes 101

County appraisal districts (CADs) are required by law to appraise property at the January 1st market value (*see Definitions*). Taxes are calculated on the value as follows:

$$[(\text{Value} - \text{Exemptions}) \div \$100] \times \text{Tax Rate} = \text{Tax Levy}$$

New owners and those whose value increases will receive an appraisal notice from the CAD. **You do NOT have to receive a notice to protest.** The information included in this booklet will guide you through the process but it is NOT a guarantee of a reduction!

Among the reasons to protest are that the condition is poor when compared to comparable properties that have sold (*market value*) or is unequally valued when compared to similar properties in the neighborhood (*see Definitions*). **It is important to note that a successful protest may not reduce the tax liability the year you protest although it will likely reduce the burden over time.**

Some of Your Rights As A Property Owner

In addition to receiving a notice of increase and the right to protest, property owners also have the right to protest an action concerning their property. The most common:

- ⇒ denial of an exemption
- ⇒ failure of the chief appraiser or ARB to deliver any notice to which a property owner is entitled
- ⇒ any action taken by the chief appraiser, CAD or ARB that adversely affects you/increases your tax liability

Who's Who?

In most counties, the CAD Board of Directors (BOD) are appointed by the county commissioners, city officials, school boards and community college boards. The BOD hires the Chief Appraiser (*responsible for day-to-day CAD operations and staffing*), adopts the Reappraisal Plan, approves the budget and appoints the Taxpayer Liaison (*addresses citizen concerns*). Appraisal Review Board (ARB) members are residents of the county who hear the value disputes. ARB members in Galveston County are appointed by the State District Administrative Judge.

The Process

You have until May 15th or 30 days from the date of the notice to call to schedule an informal conference with a CAD appraiser, file an online protest or mail the formal protest form. If mailing the form, the ARB hearing could be held the same day as the informal conference unless you exercise your right to a one-time reschedule. This must be done prior to the scheduled meeting date.

Staff appraisers conduct the informal conferences. This is when the majority of reductions occur, errors corrected or

damage/need for repairs reported. The appraisers will encourage resolution without the need for the formal ARB hearing. Appraisers have the authority to make a recommendation that may resolve the protest by written agreement although a supervisor may have to approve some reductions.

If not satisfied with the value proposed in the informal conference, you may protest to the ARB. In addition to being residents of the County, ARB members receive Comptroller training. They are paid by the CAD and may be removed if they fail to attend meetings, do not meet eligibility requirements or if there is evidence of repeated bias or misconduct.

If you are not satisfied with the outcome of the ARB hearing, suit may be filed in District Court or you may apply for binding arbitration if the property is your homestead or the value does not exceed \$5M. Deposits for residence homesteads ranges from \$450 to \$500 and other property from \$500 to \$1,550.

Obtain Information

If mailing the protest request form, simultaneously request the following documents. There will be a charge:

- ⇒ the list of sales used with detailed information
- ⇒ the appraisal card (*property details including sketch*)
- ⇒ the plat map with your neighborhood highlighted or the neighborhood map

Whether you decide to protest the value or not, obtain a copy of the appraisal card (*the record of the property*). Confirm the accuracy of the information. This may be obtained in person or via email.

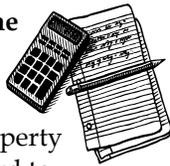
Market Value Protest

Utilizing the Protest Worksheet (*available online at GCTO website under the Press Releases and Important Information tab*), perform an analysis of other similar properties in the neighborhood, sales provided and/or sales you are able locate through a friendly real estate agent or real estate information website (*see Resources section for websites that may have additional sale and listing information*).

Adjust the "comps" to your property by adding or subtracting the value of differences (*size, condition, type of improvements, pools, etc.*). The Protest Worksheet includes formulas that perform many of the calculations for you (*see Instructions in middle of this booklet*).

NOTE: Due to a GCAD software conversion, little online information is available on which to base adjustments. You may perform research at the CAD office or request appraisal cards via an Open Records Request. Additionally, neighborhood factors are used

which may make adjustments difficult. The informal meeting is therefore essential as it is a fact finding opportunity.



The appraisal district assumes that your property is like others in the neighborhood with regard to quality of construction and condition. If it is not “ready to sell” or requires repairs, identify items that need to be completed to make it marketable or like the comparables (include items such as updating kitchens and baths). **Obtain valid estimates for repairs and take photographs!**

The date of value is January 1. If repairs were made after, present the cost or receipts as the basis for reducing value for this year. **If storm or other damage occurs after January 1, the 2018 value will not likely be reduced.**

Unequal Value Protest

This is another method of protesting value but a bit more complicated unless there are identical homes in the area valued lower (the “perfect storm” for an unequal protest). Simply adjust the comps and take photos. Otherwise, you must demonstrate that the value exceeds the median appraised value of a reasonable number of comparable properties (*properly adjusted*) or the appraisal “ratio” exceeds the median level of similar properties. Except for the “perfect storm” you may decide to hire a Property Tax Consultant to present an unequal value case.

NOTE: The ARB is more likely to be influenced by unequal value than staff appraisers.

STORM DAMAGED PROPERTIES: Photos, FEMA, insurance or SBA loan documents, bids, receipts, etc. may be used as basis for adjustments.

Meeting with the Appraiser

Unless you filed a formal protest, you will not be able to obtain sales in advance of the informal conference. The informal conference is, however, an opportunity to both obtain and share information. What sales are being used that caused the value to increase? Have all adjustments been made to bring the sales in line with the condition and features of your property? Discuss the differences and present bids or estimates of repairs needed. State what you believe the value should be. *Understand the value of reductions* – do not walk away from a \$10,000 offer (worth \$300± in taxes) over a \$1,000 disagreement (worth \$30± in taxes).

Give the appraiser time to consider the information. He or she will try to reach an agreement during the informal. If one is reached, you will be asked to sign a waiver and agree to the value. **Do not feel forced** to accept the offer (*some appraisers will state proposed reductions are ‘off the table’ if you go to the ARB*). Although not bound by the offers, the ARB should consider offers made.

If unable to reach an agreement, ask to be scheduled for an ARB hearing. **If you are prepared**, move forward on

the same day. If not, ask to be scheduled for a future hearing and, if you have not already obtained the sales and appraisal card – make the request then (*a fee will be charged for the documents*). **It is in your best interest to be prepared for the ARB hearing. Reschedule if you have not analyzed all information and have documents.**

Prepare for the ARB Hearing

Assemble a packet (*original + 4 copies*) including:

- * **Summary sheet** *A brief description of the property, date purchased and amount (if recent), the CAD and your opinion of value, the reason for the protest and a list of the packet contents.*
- * **Appraisal notice from CAD** *if you have one*
- * **CAD appraisal card**
- * **Photos** *January 1 condition; include front, back and street – whatever is appropriate to satisfy the ARB’s need to understand what the property looks like. If significant maintenance or structural issues exist, clearly photograph showing the deterioration or problem. Label the photos.*
- * **Estimates or receipts of repairs**
- * **Map of sales or comparable properties** *Use plat or neighborhood map*
- * **Protest Worksheet** *Focus on the sales the CAD used as well as others you find that support your position. The worksheet is particularly important when protesting for unequal value as it shows the adjustments. You may want to separate land and improvement value for the comps, particularly in determining whether land value should be reduced. The worksheet, properly adjusted, will provide a range in value for your property. Be prepared to discuss how you arrived at your estimate of value.*
- * **Appraisal by fee appraiser** *The CAD is required to accept a “fee appraisal” if it meets the requirements of the Tax Code Section 41.43 (see Definitions).*

Practice your presentation. Know what you intend to say. Keep it simple. Be prepared to present the case in four minutes or less. Be concise. Keep in mind that **you** have the advantage of being able to out-prepare the CAD. You have one property, they have thousands.

At the ARB Hearing

Participants at the hearing include the three member ARB panel, a CAD appraiser and clerk recording it. The proceedings will be conducted by the panel chair after protocols including introductions and a brief description of the process that will be followed. All parties will be sworn in. The legal description, address and account number are read into the record and evidence exchanged.

Both you and the CAD will have an opportunity to present information and resolve any disputes about the property that should have been resolved during the informal meeting (*incorrect square footage, etc.*).

If an offer for reduction was made by the appraiser in the informal, include that in your opening statement to the ARB. Questions and closing remarks are permitted.

Thank the ARB and remind the panel that Texas law requires each property to be appraised based on its **individual characteristics**. State why your property differs from the CAD sales. Note that the CAD has the burden of establishing the value by a **preponderance of the evidence** presented. **If the CAD fails to meet that standard, the protest should be in favor of the property owner** (*Section 41.43 of the Texas Tax Code*). The ARB panel will deliberate and announces its determination. It may leave the value alone, decrease it or increase it. The entire process takes about 20 minutes.

You will receive a written order of value and information regarding your right to file suit in District Court or to request binding arbitration.

NOTE: If disputes regarding the property cannot be resolved that affect the value – particularly if there are questions regarding the improvements – the ARB chairman has the option of recessing the hearing for a field check by the CAD. In this event, the hearing would be continued after the field check is completed.

Binding Arbitration

In binding arbitration, an impartial, independent third party (*the arbitrator*) hears and examines the facts from both the property owner and CAD then makes a decision that is binding on both. You will complete an application and submit a fee.

Although a costly alternative if you are not successful, the longer term benefit may outweigh the cost. For example, your value should not increase for another year and, whether you win (*meaning the arbitrator's value is closer to your opinion of value than the CAD's*) or not, the value could still be lower than the ARB value. If you do win, all but the \$50 administrative fee is refunded to you and the CAD pays the arbitrator.

For additional information, see the handout "Binding Arbitration A Viable Option to Lower Property Value" or watch the beginner's video on the Comptroller's website at <https://comptroller.texas.gov/taxes/property-tax/video/2015-arbitration-videos/binding-arbitration-beginners/presentation.html>.

Preparation is similar to that for the ARB. Also, you may hire a property tax consultant or take an attorney, real estate broker/agent, appraiser or CPA with you. If any attend on your behalf, a designation of agent form must be submitted. **Having a professional onboard is a good decision if this is your first experience with the process.**



CADs use mass appraisal to value property. This technique does not adjust for unique features. The key, therefore, is to provide information that shows how your property is different from sales or others in the neighborhood.

Protest Savvy

- A. Don't miss the May 15th deadline (or 30 days from notice date) to schedule the informal conference. If you did not receive a notice, go online to see if the value increased. Preliminary values are posted online after notices are mailed (*typically by mid April*). Late protests are allowed for good cause (e.g. medical).
- B. Tell the truth – loose credibility – loose your case.
- C. If your value increased, it is likely your neighbors did as well. Ask. Encourage everyone to protest.
- D. If a property is well maintained, the effective age is likely less than the actual age. If a property is not well maintained, the effective age is likely greater than the actual age. Check the records.
- E. Contact buyers, sellers or real estate agents about sales. Was personal property included or were there special circumstances involved? **Do your homework!**
- F. The computer performed an analysis of information inputted. You must prove the data is not accurate or that important information is omitted.
- G. The CAD has the burden of proof under the Tax Code in an ARB hearing, particularly after the value was reduced in the prior year by the ARB or if an appraisal less than 180 days old is presented.
- H. The CAD and ARB panel members are not interested in buying your property so **don't suggest it**.
- I. Avoid name calling (YOU PEOPLE). Do not get angry. Be positive and polite, relax.
- J. Crying doesn't usually help.

Other Options

Hire a Property Tax Consultant or purchase software that performs the analysis for you. We may not advise you in the selection of an agent or software.

Definitions

Market value is the price at which a property would sell if: "...(a) exposed for sale in the open market with a reasonable time for the seller to find a purchaser; (b) both the seller and the purchaser know of all 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; and (c) both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other." Tax Code Section 1.04(7)

Typically referred to as "neighborhoods" **comparable properties** are "...determined based on similarities with regard to location, square footage of the lot and improvements, property age, property condition, property access, amenities, views, income, operating expenses, occupancy, and the existence of easements, deed restrictions, or other legal burdens affecting marketability" Tax Code Section 23.013(d).

Acceptable sales must have occurred within 36 months of the date of valuation in counties of 150,000+ [Tax Code
(*continued on back page*)

PROTEST WORKSHEET

#	Address	Current Value	Imp #1 Value	MA(s) SF	Land Value	Land SF	\$/SF All Imp	\$/SF Land	Eff Age	Size Diff	Size Adj	Cond %	Cond Adj	Pool or Other Imp Adj	Total Adj	Adj Value				
Subject	1606 Orlando	\$324,260	\$286,600	3,025	\$37,660	12,372	\$94.74	\$3.04	1997			100%								
1	1603 Orlando	\$337,220	\$299,630	3,427	\$37,590	12,153	\$87.43	\$3.09	1997	-402	-\$35,148	93%	\$20,974	\$0	-\$14,174	\$323,046				
2	1604 Orlando	\$315,260	\$267,810	2,762	\$37,450	11,726	\$96.96	\$3.19	1996	263	\$25,501	100%	\$0	-\$10,000	\$15,501	\$330,761				
3	1605 Orlando	\$374,920	\$327,260	3,563	\$37,660	12,385	\$91.85	\$3.04	1996	-538	-\$49,415	100%	\$0	-\$10,000	-\$59,415	\$315,505				
4	1607 Orlando	\$281,460	\$243,810	2,565	\$37,560	12,357	\$95.05	\$3.04	1995	460	\$43,724	95%	\$12,191	\$0	\$55,915	\$337,375				
5	1608 Orlando	\$275,000	\$236,990	2,693	\$38,010	13,440	\$88.00	\$2.83	1995	332	\$29,217	97%	\$7,110	\$0	\$36,326	\$311,326				
6	1609 Orlando	\$271,480	\$233,870	2,423	37,610	12,229	\$96.52	\$3.08	1996	602	\$58,106	94%	\$14,032	\$0	\$72,138	\$343,618				
7	1610 Orlando	\$348,120	\$310,500	3,389	\$37,620	12,247	\$91.62	\$3.07	1995	-364	-\$33,350	100%	\$0	\$0	-\$33,350	\$314,770				
INDICATED VALUE RANGE:													Low:	\$311,326	High:	\$343,618	Properties Most Like Subject:	1 & 2	Estimated Value:	\$326,000

Formulas: $\$/SF\ All\ Imp = Imp\ Value + Imp\ SF$
 $\$/SF\ Land = Land\ Value + Land\ SF$
 $Size\ Diff = Subject\ Size - Comp\ Size$
 $Size\ Adj = Size\ Diff\ of\ Comp\ x\ \$/SF\ Subj$
 $Cond\ Adj = Subject\ Cond\ \% \times Imp\ Value\ of\ Comp$
 $Total\ Adj = Size\ Adj + Cond\ Adj + Pool\ or\ Other\ Imp\ Adj$
 $Adj\ Value = Current\ Value - Total\ Adj$
 $Low = Lowest\ Adj\ Value \& High = Highest\ Adj\ Value$
 Properties Most Like Subject require least adj + most similar

SPREADSHEET INSTRUCTIONS

- Download the 2018 Protest Worksheets.xlsx from the GCTO website (www.galcotax.com)
- Complete **Improvements Listing** form from CAD appraisal cards and/or website
- Complete gray area at top of **Spreadsheet 4** You worksheet with your property info from the **Improvements Listing**, appraisal card and CAD website, etc.
- Complete information in unshaded areas about each of the comparable properties
- As you enter information, the shaded cells will automatically calculate and adjust the comps to your property. An adjusted range in value will result in the Adj Value column
- Complete INDICATED VALUE RANGE information at bottom of spreadsheet. In determining property most like yours, which required least adjustments, have the most similar features such as size, other improvements (e.g. if you do not have a pool, do not compare your property to one with a pool unless all other factors are equal)
- If the condition of your property is below the norm for neighborhood and the CAD Adjustment % is 100%, determine total cost of repairs. Divide that amount by the Imp Value to determine the Cond % (e.g. \$10,000 in repairs ÷ \$196,110 = 5% condition adjustment. Subtract from 100. Enter 95% Cond %).

Definitions *(continued from page 3)*

Section 23.013(b-1)], foreclosures occurring within three years located in the neighborhood must be considered if comparable [Section 23.01(c)(1)] as well as sales during a declining economy [Section 23.01(c)(2)].

Acceptable appraisals under Section 41.43(a-1) are those relating to a property with a value of \$1M or less. It must be filed with the ARB not later than 14 days before the hearing, be delivered to the chief appraiser, have been performed by a certified appraiser (under Occupations Code) and must support the market value claimed by the owner. It must be notarized, include the name and business address of the appraiser, description of the property, a statement that the appraised or market value was as of January 1, was determined using a method of appraisal required by Chapter 23 and performed in accordance with USPAP.

NOTES

Resources

Galveston CAD

www.galvestoncad.org 1-866-277-4725

Tommy Watson, Chief Appraiser

twatson@galvestoncad.org

Michelle Morrison, Taxpayer Liaison Officer

Email: liaison@galvestoncad.org

Galveston County Tax Office

www.galcotax.com 1-877-766-2284

Email: galcotax@co.galveston.tx.us

State District Administrative Judge Lonnie Cox

Lonnie.Cox@co.galveston.tx.us

Harris CAD

www.hcad.org 713-957-7800

Email: help@hcad.org

Teresa Terry, Taxpayer Liaison Officer

Email: tterry@hcad.org

Harris County Tax Office

www.hctax.net 713-368-2000

Email: tax.office@hctx.net

Texas Comptroller

www.comptroller.texas.gov/taxinfo/proptax

1-800-252-9121 (press 2 then 1 for Info Services team)

Email: ptad.cpa@cpa.texas.gov

Possible Sources of Sales

www.online-home-values.com

www.housevalues.com

www.har.com



Cheryl E. Johnson, PCC

Galveston County Tax Assessor Collector

722 Moody Avenue

Galveston, Texas 77550

1-409-766-2260

Cheryl.E.Johnson@co.galveston.tx.us