

**CARSON COUNTY APPRAISAL DISTRICT'S**

**GUIDE TO**

**UNDERSTANDING THE PROPERTY TAX PROCESS**

## UNDERSTANDING THE PROPERTY TAX PROCESS

The following material has been adapted from the *Taxpayers' Rights, Remedies & Responsibilities* pamphlet published by the State Comptroller of Public Accounts, and from various publications issued by the Carson County Appraisal District.

### THE BASICS

Property taxes are *local* taxes. Local officials value your property, set your tax rates, and collect your taxes. However, Texas law governs how the process works.

In Carson County, property taxes are based on tax rates set by the various local governments (taxing units) that levy a tax and on the value of the property. The valuation or appraisal process, which is performed by the Carson County Appraisal District, serves to allocate the tax burden among property owners.

The property tax provides more tax dollars for local government services in Texas than any other source. Property taxes help pay for public schools, city streets, county roads, police, fire protection, and many other services.

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### CONSTITUTIONAL STANDARDS

The Texas State Constitution sets out five standards for the property tax.

1. **Taxation must be equal and uniform.** All property must be valued and taxed in an equal and uniform manner. This provision, which is an equity standard, helps ensure that no single property or type of property pays more than its fair share of taxes.
2. **With some exceptions, all tangible property must be taxed on its January 1 market value.** The exceptions include certain agricultural; timber; and recreational, park, and scenic land subject to special appraisal. A property's market value is the price for which it would sell when both buyer and seller want the best price and neither is under pressure to buy or sell.
3. **All property is taxable unless federal or state law provides an exemption for it.** An exemption excludes all or part of a property's value from taxation.
4. **Property owners have a right to reasonable notice of increases in appraised property values.**
5. **Each property in a given appraisal district must have one appraised value.** An appraisal district's boundaries generally follow the boundaries of the county in which it is located.

### HOW DOES THE SYSTEM WORK?

There are three main parts to the property tax system in Texas:

An *appraisal district* in each county sets the value of taxable property each year. The *chief appraiser* is the appraisal district's chief administrator and is responsible to a board of directors for its operation.

An *appraisal review board (ARB)* settles any disagreements between you and the appraisal district about the value of your property.

Local *taxing units*, including the county, cities, school districts, and special districts, decide how much money they will spend each year. This in turn determines the tax rate they need to set and the *total amount of taxes* that you and your neighbors will pay.

The system has four stages: valuing the taxable property, protesting the values, adopting the tax rates, and collecting the taxes.

January 1 marks the beginning of property appraisal. What a property is used for on January 1, market conditions at that time, and who owns the property on that date determine whether the property is taxed, its value, qualifications for exemptions, and who is responsible for paying the tax.

Between January 1 and April 30, the appraisal district processes applications for tax exemptions, agricultural appraisals, and other tax relief. In July, the appraisal review board begins hearing protests from property owners who believe their property values are incorrect, or who feel they were improperly denied an exemption or agricultural appraisal. The ARB is an independent board of citizens responsible for handling protests about the appraisal district's work. When the ARB finishes its work, the chief appraiser gives each taxing unit a list of taxable property known as the appraisal roll.

Usually in September or October, the elected officials of each taxing unit adopt tax rates for their operations and debt payments. Typically, each property is taxed by several taxing units. For example, every property in Carson County is taxed by the county, school districts, cities, and special districts.

Tax collection starts in October as tax bills go out. Taxpayers have until January 31 of the following year to pay their taxes. On February 1, penalty and interest charges begin accumulating on most unpaid tax bills. Taxing units may start legal action to collect unpaid property taxes once they become delinquent.

## **WHAT IS THE TAXPAYER'S ROLE?**

You can play an effective role in the process if you know your rights, understand the remedies available to you, and fulfill your responsibilities as a property owner and taxpayer.

### **Know Your Rights:**

- You have the right to equal and uniform tax appraisals. Your property value should be the same as that placed on other properties that are similar or comparable to yours.
- Unless your property qualifies for special appraisal, such as for agricultural land, you have the right to have it taxed on its January 1 market value.
- You have the right to receive all tax exemptions or other tax relief for which you apply and qualify.
- You have the right to notices of changes in your property value or in your exemptions.
- You have the right to know about a taxing unit's proposed tax rate increase and to have time to comment on it.

### **Understand Your Remedies:**

- If you believe your property has been appraised for more than its January 1 market value, or if you were denied an exemption or agricultural appraisal, you may protest to the appraisal review board. If you don't agree with the review board, you may take your case to arbitration or to court.
- You may speak out at public hearings when your elected officials are deciding how to spend your taxes and setting the tax rate.
- You and your fellow taxpayers may limit major tax increases in an election to roll back or limit the tax rate.

## Fulfill Your Responsibilities:

- You must apply for exemptions, agricultural appraisal, and other forms of tax relief before the deadlines.
- You must see that your property is listed correctly in the appraisal records. If your property is omitted from the records and escapes taxation, it becomes subject to a back assessment. In the event a back assessment occurs, it may cover up to five prior years in the case of real property (land and improvements), and up to two prior years for business personal property.
- If you own tangible personal property used for the production of income (business personal property), you must annually render it to the chief appraiser. Personal property which escapes taxation because of failure to render becomes subject to back assessment when discovered by the appraisal district.
- You must pay your taxes on time.

## APPOINTING AN AGENT

You may represent yourself in any property tax matter. Or, you may appoint a representative -- commonly called an "agent" -- to handle specific duties. You don't need an agent to file for exemptions, such as those available to homeowners, disabled veterans, and charitable or religious organizations -- just get an application form from the appraisal district.

To appoint an agent, you must give that person written authorization to represent you. You must use a special "Appointment of Agent" form available from the Carson County Appraisal District or State Comptroller's Office. No form is necessary if the person is your attorney, employee, or a person who is simply acting as a courier. With limited exceptions, agents who represent property owners for a fee must be licensed by the Texas Department of Licensing & Regulation in Austin.

The agent may represent you in one or more areas that you designate on the form: to file notices of protest, to present your case before the ARB, to negotiate on value disputes, to receive notices or tax bills, or to handle any other specific action. Or, the agent may represent you for general property tax purposes.

The special form asks for a date when your authorization to this person ends. If you don't give an ending date, the agent continues to represent you indefinitely until you file a statement with the appraisal district ending the appointment or you appoint a new agent.

By law, the appraisal district cannot recommend or refer you to a tax agent. If you have a complaint about a tax agent, you may file it online with the Department of Licensing and Regulation at <http://www.license.state.tx.us>.

## SETTING THE TAX RATES

Once the appraisal review board approves the appraisal records, the chief appraiser prepares and certifies an appraisal roll for each taxing unit. An appraisal roll lists the taxable property within the boundaries of the taxing unit.

In September or October of each year, the governing body of each taxing unit adopts a tax rate that, when applied to the total taxable value of all property within the unit's boundaries, produces a tax levy sufficient to meet the unit's budgeted revenue needs.

Information regarding the rate setting process is available in a pamphlet published by the State Comptroller of Public Accounts titled *Texas Property Taxes: Taxpayers' Rights, Remedies & Responsibilities*. Copies are available at no charge in the Carson County Appraisal District's office, as well as in most tax collection offices.

## **COLLECTION QUESTIONS**

Taxing units usually mail their tax bills in October. The normal delinquency date is February 1, but may be later depending on when the tax bill is mailed. If February 1 is drawing near and you haven't received a tax bill for the prior year, contact your local tax offices. Find out how much tax you owe and make sure your correct name and address are on file with the appraisal district since the taxing unit obtains that information from the appraisal roll.

In any event, the law allows you at least 21 days to pay after a tax bill is mailed to you. If your bill is mailed after January 10, the delinquency date is postponed. You have until the first day of the next month that will provide at least 21 days for paying the bill. So, if the taxing unit mails your tax bill on January 15, your taxes don't become delinquent until March 1. The delinquency date is printed on the bill.

Regular penalty charges may be as high as 12 percent, depending on how long the tax remains unpaid. Interest is charged at the rate of 1 percent per month, and interest continues to accrue as long as the tax remains delinquent. There may also be an additional 20 percent penalty added if the taxing unit hires a private attorney to collect the delinquent taxes.

Texas law requires you to comply with tax payment requirements before delinquency if you plan to file motions with the appraisal review board alleging failure of the appraisal district or ARB to send you a required notice, if you file a pre-delinquency motion asking correction of a substantial error (an over appraisal of at least 1/3), or if you plan to appeal an appraisal review board determination to district court. In these instances, you must pay the amount of taxes due on the portion of the taxable value of the property that is not in dispute or the amount of taxes imposed on the property in the preceding year, whichever is greater.

## **HOW TO GET MORE INFORMATION**

You may also visit the appraisal district's offices to obtain pamphlets on these same subjects or to visit with customer service staff. The appraisal district can answer your questions about property values, exemptions, agricultural appraisal, and protests to the appraisal review board.