

#### SEN.PAUL **BETTENCOURT** R-HOUSTON — CHAIR

## How Consistent & Fair is the Texas Property Tax Code?

BY JANIS ARNOLD

A comment made to REDNews' publisher by Robert Coe, a local appraiser who specializes in low income housing tax credit property appraisals\* regarding his concerns that those properties might be in jeopardy of being taxed out of existence led us to an investigation of the overall Texas Property Appraisal Tax Process.

n order to fully understand the process and issues, we attempted to contact numerous independent appraisers, appraisal district representatives and governmental officials.

Many thanks to Ron Little, MAI, founder of National Realty Consultants, and Texas District 7 Senator Paul Bettencourt, for taking the time to enlighten us to the following issues:

- Property taxes are going up at an average rate of 6 times faster than tax payers' income goes up
- The Texas Property Tax Code is fraught with inconsistencies regarding (a) how the property tax rates are determined and (b) who is setting the rates
- Appraisal District Property valuations are not being determined with the same methodology that the private industry uses
- An Appraisal District Review Board does not operate independently of its Appraisal District

There appears to be widespread concern about these issues since recently Texas voters overwhelmingly passed Constitutional Amendment Proposition 1 for meaningful tax relief to property owners.

This past November Texas Lt. Governor Dan Patrick announced the appointment of seven Senate members to a Select Committee on Property Tax Reform and Relief. The Select Committee on Property Tax Reform and Relief will travel the

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state holding public hearings and look for ways to improve the property tax process as well as reduce the burden on property owners. This select committee will report their recommendations to the Finance Committee prior to the 2017 85th Legislative Session.

The Select Committee on Property Tax Reform and Relief chairman, Sen. Paul Bettencourt, CEO of Bettencourt Tax Advisors, and former Harris County Tax Assessor-Collector, spoke with REDNews about his group's plans to address tax reform and relief across the state:

# Bottom line: you don't want people taxed out of town.

"My committee is mandated to reform the appraisal process and to provide property tax relief. We're looking to make tax rates and appraisals more consistent across the state. Right now there are 4,000 plus taxing jurisdictions that set the rates. We had an initial hearing in Austin where the Travis County Central Appraisal District presented their current appraisal/tax process as it exists. Next we'll be in San Antonio, either on January 27th or 28th. Our goal is to slow the rate of property tax bills and to provide greater transparency to taxpayers in the appraisal process."

Currently, the property tax code is riddled with inconsistencies. One thing that we do know is that values are up. They've been up, and they've been up substantially this year. My guess would be about 10% statewide. At the same time there is inconsistency on how the taxing jurisdictions set their rates. Our committee wants to make sure that these taxing districts are taking into account the taxpayers' ability to pay. When values go up, they should be lowering the rate substantially down to the effective tax rate.

We're planning to address these and other issues, particularly where some districts are requiring such a high level of signatures in the cities and counties that it is impossible



for registered voters to call for an election on the tax increases they are seeing. For example, there is no way that Harris County can get 200,000 people to sign a petition in 90 days. This isn't what is required of the school districts, and the cities and counties shouldn't be doing it either.

Speaking of the school districts, the public knows this as Robin Hood, which I call "robbing the hood" because as local taxpayers pay more, the state generally pays less to their school districts. Over time, as values increase the state share of public education goes down. Now there is a major Supreme Court ruling that everyone's waiting on, which will tell us about the adequacy and efficiency within the public school system. That should be coming out sometime in 2015, so we should know all this by the time we get to the next session.

Bottom line: you don't want people taxed out of town. We see the problem with the way the current property tax code works as this: as values go up, tax rates don't come down fast enough. For the average homeowner, their property tax bill is going up six times faster than their income. It is the fact that statewide tax revenues have shown astonishing increases, with the average tax revenues having doubled in the past eleven years. As you know, people's income doesn't typically double in eleven years, so the way we're going in this state, we're leaving home and business owners behind.

Another significant concern and an area we plan to address is the fact that central appraisal district appraisers are not required to be trained in the same methodology that the private industry uses. And yet another concern is this: The Appraisal Review Boards need to be fully independent of their appraisal districts. Right now they're housed, paid, and trained by the local appraisal districts. In effect, they are not independent at all.

REDNews will be following up with Senator Bettencourt during the first quarter of 2016 and will bring you updates here.

\*For detailed information from Robert Coe and Ron Little regarding low income property tax credit projects, log on to www.rednews. com/wp-content/uploads/2014/03/Rednews-Articles-final.pdf

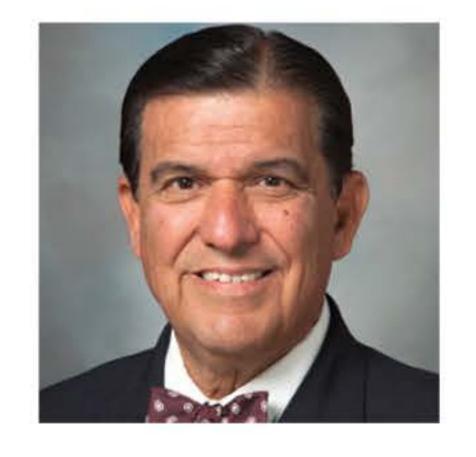
### **Select Committee** Appointees



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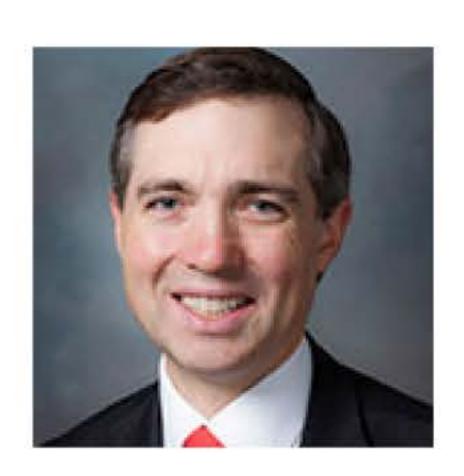
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