

BACREN

March 16, 2017

Property taxes are big in Texas!

- ▣ Largest tax for many Texans.

You Can Do It

- ▣ My primary goal is to convince you to protest your property taxes annually, and that you can do it yourself.

Only 3 Problems with CAD Values

- ▣ Inaccurate property data
- ▣ Inaccurate factors to calculate property cost
- ▣ Inaccurate model to value property (land low and attempt to compensate with improvements)

Basis for Protesting

- ▣ Market Value
- ▣ Unequal Appraisal

Free Gift for Everyone!

- ▣ Texas lottery ticket.
- ▣ Property tax lottery ticket.
- ▣ First – need to explain options.

Texas Lottery

- ▣ \$1 lottery ticket; 22% change of winning \$1, 2, 3, 5, etc. MAYBE even \$3,000.

Texas Lottery

- ▣ Have you ever won without buying a lottery ticket?

Texas Property Tax Lottery

- ▣ You CAN win without spending money to buy a ticket.
- ▣ 70% win.
- ▣ Typical winnings are hundreds or thousands of dollars.

Texas Property Tax Lottery

- ▣ You can get a FREE ticket for Texas Property Tax Lottery today!

Time to Decide

- ▣ 1) \$1 lottery ticket.
- ▣ 2) Texas property tax lottery ticket.

Texas Property Tax Lottery

- ▣ Deadline to file in May 31, 2017.
- ▣ No cost to file.
- ▣ 70% chance of winning hundreds or thousands of dollars.

Why only 70%

- ▣ Arbitrary.
 - Person for informal
 - ARB members
 - Settlement of lawsuit or arbitration

What Happens Next

- ▣ Ask for appraisal district evidence.
- ▣ Appraisal district schedules an informal hearing to meet and resolve your tax protest.
- ▣ They WANT you to win!
- ▣ They want you to settle 😊

What Next

- ▣ 1 person for informal hearing.
- ▣ 4 people for formal hearing.
- ▣ 350,000 protests to resolve in 6 months.

Protest Resolution

- ▣ 1,600,000 real estate parcels.
- ▣ 1,250,000 resolved due to no protest.
- ▣ 350,000 protests.
- ▣ 200,000 resolved at informal.
- ▣ 150,000 appraisal review boards.
- ▣ 3,000 lawsuits / binding arbitration in 2015.

HCAD Protest Resolution

- ▣ Lawsuits or binding arbitration – up from 3,000 in 2015 to 10,000 in 2016!
- ▣ Why – binding arbitration.
- ▣ MCAD – from 25 in 2015 to over 600 in 2016.

Primary Reasons for Lawsuit / Binding Arbitration

- ▣ Complex valuation issue; superadequacy, functional depreciation, external depreciation, etc.
- ▣ Unequal appraisal – most appraisal districts will not consider unequal appraisal.

Preparing for Hearing

- ▣ Download the appraisal district's evidence package.
- ▣ Select favorable comparable sales.
- ▣ Select favorable assessment comparables.

Every Year??

- ▣ Process is arbitrary due to people; some are cooperative and some...
- ▣ You will win about 70% of the time.

Every Year??

- ▣ However, you never know if it will be a good year until you protest and show up for the hearing.
- ▣ Results are iterative. Protesting for 20 or 30 straight years can generate amazing results; 50 to 70% of market value for houses.

Every Year??

- ▣ Most commercial file annually and are valued at about 50 to 70% of market value.
- ▣ Single-family merits equal valuation, based on unequal appraisal.
- ▣ Only option to achieve meaningful discount to market is to appeal annually.

Informal Hearing

- ▣ You want to settle at the informal.
 - Likely to get best result.
 - If not, may have to return on another day for formal (but probably still get a reduction).
- ▣ Make a friend of appraiser; ask about their weekend; upcoming weekend; how they like working at the appraisal district, what is the hardest part of working at the appraisal district.

Informal Hearing

- ▣ Once you have picked your comparable sales or assessment comps, hold on like a dog to a bone. They may say they are not qualified, are not in good condition. Assure them they were market sales and they are **CERTAINLY** in better condition than your house.
- ▣ Be nice and friendly to the appraiser.

Informal Hearing

- ▣ Anger and hostility will only hurt your chances.
- ▣ After 5 or 10 minutes, the appraiser will make an offer. They may or may not negotiate; they are trained not to negotiate. If the result is reasonable, accept it and sign off.

Informal Hearing

- ▣ Analogous to discussing football teams or recipes.
- ▣ There are no right answers; just opinions to discuss in a friendly way.

Formal Hearing

- ▣ Process is about the same but in addition to the appraisal there will be 3 independent, impartial citizens
PAID BY THE APPRAISAL DISTRICT.
- ▣ Relatively informal; it is not like going to court.
- ▣ The ARB members usually try to make you feel comfortable.

Formal Hearing

- ▣ Your job is to sell the ARB members on making a change.
- ▣ Argue passionately (without anger or hostility) your value should be introduced based on the comparable sales or assessment comps you mentioned.

Formal Hearing

- ▣ Remember this is a time to be friendly and cooperative.
(Although it can be a free alternative to psychotherapy).

Binding Arbitration

- ▣ \$450 deposit (for a house); up to \$1,050 for commercial property up to \$3 MM.
- ▣ You can do arbitration yourself; do not need an attorney.
- ▣ Arbitrator is appraiser, attorney or real estate agent; mostly agent.
- ▣ Loser pays.
- ▣ Comptroller keeps \$50.

Binding Arbitration

- ▣ To my knowledge, O'Connor & Associates is the only firm that pays the deposit for the client for binding arbitration.

Binding Arbitration

- ▣ First time appraisal district might address unequal appraisal.

Binding Arbitration

- ▣ CADs are not set up to handle hundreds of arbitrations (GCAD or BCAD) or thousands of arbitrations (HCAD).
- ▣ There is a good chance they will settle.

Why Am I Here??

- ▣ Passionate about property taxes.
- ▣ Want to increase % that protest from 20%.
- ▣ Know you can spend your money better than the government.
- ▣ Trying to educate citizens about appealing.

What Am I Here??

- ▣ But we do welcome your business. Will handle 170,000 appeals in 2017 in Texas, and 5,000 to 10,000 binding arbitrations.
- ▣ Would love to work with you whether your property is assessed at \$10,000 or \$10,000,000.
- ▣ However, my mission today is to convince you to protest your property every year.

Contact Information

Patrick O'Connor

Cell - 713 822 8613

Email - pconnor@poconnor.com

www.CutMyTaxes.com

www.poconnor.com

713 290 9700