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Property tax rates are about to be set across Texas — Get involved!

By Dale Craymer

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In our state's hot real estate markets, hundreds of thousands of Texans protested their ballooning home appraisals. If you were one of those who successfully shaved a few thousand dollars off the value of your home, you may be very happy.

But don't rest on your success – it could cost you.

All your tax appraisal really does is determine how big your slice of the property tax pie will be. You might feel good that your slice will be a bit smaller, but if the pie is a lot bigger, you're still looking at a bunch more calories on your plate.

The size of the pie will be determined by the budgets of the various local districts that show up on your property tax bill: school district, city, county and possibly a myriad of special purpose districts, such as a municipal utility district (MUD), community college district or hospital district.

Their spending for the next fiscal year will determine how much tax revenue they have to raise. To raise that money, it's simple math: the value of the appraised property in their jurisdiction multiplied by the tax rate they adopt. That will determine your final tax bill.

You see, the property tax is unlike any other tax you pay; there is no permanent tax rate. Taxing units set a new rate every year.

This annual process of setting budgets, adopting tax rates and, ultimately, generating your tax bill is now underway across Texas. Appraisal districts are telling local taxing units (cities, counties, schools, etc.) the value of the property under their jurisdiction. By Aug. 7, taxing units must calculate their "effective tax rate" – the rate that would raise the same amount of money as last year, essentially a "no new taxes" tax rate. They then go to work deciding on the actual tax rate they want to adopt. You'll see these tax rates over the next several weeks in notices in the pages of your newspaper, or you can track them down online.

If a taxing unit wants to raise more money than last year, it would need to adopt a rate higher than the "effective tax rate." But before it can do that and increase taxes, the governmental entity must hold two public hearings (only one for a school or water district) to allow constituents, or taxpayers, to voice their opinion. Further, the motion to adopt a higher tax rate requires officials to publicly acknowledge they are raising taxes, and it must be approved by a 60 percent super-majority of the governing board.

If you're concerned about your impending property tax bill, these hearings are more important than your appraisal. Unfortunately, they are poorly attended as they take place in the dog days of summer or in the midst of back-to-school activities (rates generally must be adopted by Sept. 30). And if six different taxing units are on your tax bill, that means six different public hearings. Fortunately, you can make your voice heard by picking up the phone or shooting off a couple of emails.

Last session the Texas Legislature considered, but did not pass, a bill that would have provided a lot more clarity by giving you a real-time tax notice that showed how much more (or less) in taxes each taxing unit wanted from you. You would have that information before new tax rates were adopted. You could then either attend tax hearings or contact officials before they acted.

Property taxes rise in large part due to complacency. Local officials respond to those they hear from. They constantly hear from constituents who want a new park or road or something else that costs money.

But if they don't hear from those who are concerned about their property taxes, then local school, city, county or other budgets – and your taxes that support them – are almost certain to increase.

Dale Craymer is president of the Texas Taxpayers and Research Association (www.ttara.org), a non-profit, membership-supported organization of businesses and individuals interested in the state and local fiscal policies in Texas and the way those policies impact the economy.

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PHOTO OF AUTHOR ATTACHED

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