

Equal and Uniform Constitutional Safeguard of Fair Property Taxes

The Constitutional provision that taxation be “equal and uniform” offers taxpayers critical protection against unfair property valuation.

THINGS TO KNOW

- In Texas, property is appraised at its market value by central appraisal districts for property tax purposes.
- Taxpayers may protest their appraisal if they believe:
 - the market value of the property is incorrect, or
 - the assigned value is high relative to comparable properties (i.e. the value is not “equal and uniform”).
- Article VIII, Section 1(a) of the Texas Constitution states that “Taxation shall be equal and uniform.”
- Equal and uniform (E&U) appeals are an important, cost-effective tool for taxpayers to ensure their property is fairly valued.

The determination of market value is the first process in determining fair and equal taxation within the property tax system. Texas law defines market value as “the price at which a property would transfer for cash or its equivalent under prevailing market conditions” on January 1 of each year.

Central appraisal districts are responsible for determining their best opinion as to the market value

of property; however, determining the exact dollar value for each of millions of properties is a daunting, and, sometimes, imprecise task. In truth, as anyone who has worked with a realtor knows, a property’s value may fall within a certain range at any given point in time. The appraisal district seeks to be within that range.

Constitutional Guarantees

The law gives taxpayers two ways to protect against unfair valuation of their property. First, if a taxpayer believes their assigned value is outside a reasonable range based on market conditions, they may file a **market value appeal**. However, the property owner may be required to provide detailed market data supporting their contention. That may involve compiling voluminous information only available to professional appraisers.

Even if property is valued reasonably relative to the market, but at the high end, the tax on that property can still be unequal if other properties are valued at the low end. The second protection for a property owner is through **“equal and uniform” (E&U) appeals or equity appeals**. An equity appeal allows a taxpayer to obtain relief if they can prove their property is unequally appraised at a higher value than other similar properties. It is a much simpler option for property owners than a market value appeal. An E&U, or equity, appeal can be as simple

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as pulling a sample of neighboring properties from the appraisal district's own website. In the case of more complex properties, it may involve identifying a representative sample of similar properties nearby.

Equity Appeal Myths

Even so, there are several myths about property valuation, and equity appeals, in particular.

Myth #1: Any figure lower than the chief appraiser's initial value is "not" market value.

Fact: Appraisals, especially for business properties, are an opinion of value based on educated assessments of numerous variable factors about which equally expert professionals can disagree. The purpose of the appeals process is to decide what estimate of market value is the best supported and most reasonable.

Myth #2: Equity appeals are just a "loophole" for big taxpayers.

Fact: Any taxpayer – big, small and in-between – can file an equity appeal. In fact, equity appeals may be most common for the average homeowner, who can easily find values for comparable properties within their neighborhood on the website of their local appraisal district.

Myth #3: Equity appeals unfairly "benefit" only those who can afford them.

Fact: Just like in any other lawsuit, the decision to appeal must weigh the cost and time required against the potential amount of relief to be gained. In that regard, the expense of a successful appeal, especially in small cases, can in essence be zero since the court is authorized to award all litigation costs and up to \$100,000 in attorney's fees to a prevailing taxpayer.

Myth #4: Big taxpayers receive "inappropriate and unsupported" value reductions.

Fact: Values are impartially determined by a judge or jury after hearing all the evidence presented by both sides to support their assertions.

Myth #5: Appraisal districts have "no choice" but to settle at values below market.

Fact: Appraisal districts are perfectly free to refuse to settle at values considered too low. In essence, if they agree to an amount considered inaccurate, they are not fulfilling their statutory duty to appraise all property at market value – their principal responsibility and the indispensable foundation of a fair and equitable property tax.

Myth #6: Appraisal districts "can't afford" to go to court.

Fact: Appraisal district budgets are set by their board of directors, appointed by the taxing units the central appraisal district serves. The amounts budgeted are proportionally allocated across the taxing units the appraisal district serves, based on their pro-rata share of taxes imposed. In truth, taxing jurisdictions may be insensitive to the appraisal district's budget request, as the amount of taxes the jurisdiction imposes are generally unaffected by the appraised value on their tax rolls.

Myth #7: Taxing jurisdictions end up "losing" millions of dollars of tax revenue.

Fact: Taxing jurisdictions rarely lose any tax revenue because they adopt the tax rate required to produce budgeted revenues, allocating the tax burden across the jurisdiction's certified property values.

