



Susan Combs Texas Comptroller of Public Accounts



Annual Property Tax Report

Tax Year 2009

Issued January 2011
Texas Property Tax

January 2011

The Honorable Rick Perry, Governor
The Honorable David Dewhurst, Lieutenant Governor
The Honorable Joseph R. Straus, III, Speaker of the House
Members of the 82nd Legislature

Ladies and Gentlemen:

I am pleased to present this Annual Property Tax Report for Tax Year 2009, as required by Tax Code Section 5.09. The report provides information on the property tax activities of appraisal districts and local taxing units in tax year 2009.

I am very grateful for the cooperation of the chief appraisers; appraisal district board of directors members and staff; and school, city and county officials who provided information for this report.

We are committed to assisting local property taxpayers, appraisal districts, appraisal review boards, tax assessor-collectors and elected officials so that property tax administration is uniform and fair statewide.

If you need additional copies of the report, further explanation of the findings or more extensive data and analysis, please contact Property Tax Assistance Division Director, Deborah Cartwright at Deborah.Cartwright@cpa.state.tx.us or (512) 936-4251.

Sincerely,

Susan Combs





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Foreword

The Tax Code directs the Comptroller's office to publish an annual report on the operations of appraisal districts. This report provides the governor, the lieutenant governor and each member of the Legislature a single point of reference for appraisal district operations and practices, as well as for appraised values, taxable values and tax levies and rates of Texas local governments.¹ The Tax Code, as originally adopted in 1979, also required that the Comptroller's office report on assessment value and assessment ratios. The Legislature subsequently prohibited assessing property for taxation on the basis of a percentage of its appraised value and directed that all property be assessed on the basis of 100 percent of its appraised value.²

The Tax Code authorizes the Comptroller's office to require each appraisal district engaged in appraising property for taxation to submit an annual report on the administration and operation of the appraisal district.³ The Comptroller's office gathers data on property values and tax rates through Electronic Appraisal Roll Submissions it requires from appraisal districts. This information, along with data from the Comptroller's *Appraisal District Operations Survey*, is used to prepare this annual report.

The Comptroller's office provides the raw data for this report in downloadable electronic spreadsheets for use by interested parties. These spreadsheets

include appraised values by class of property, the total taxable value for most taxing units and the tax rate for each county, city, school district and special-purpose district in each appraisal district in the state. Additionally, they provide data on the operations of appraisal districts, such as budgets, chief appraiser salaries, board make-up, appraisal review board activities and other data relevant to the property tax process.

Appraisal districts, also referred to as county, central or consolidated appraisal districts (CADs), are political subdivisions of the state responsible for appraising property within county boundaries. Taxing entities use those appraised values to set their ad valorem tax rates and levy property taxes.⁴

The governing bodies of taxing units, such as school boards, commissioners' courts, city councils and special purpose district boards of directors, derive the tax rate by dividing the proposed tax levy by the taxable value of property, as provided by the CADs, and expressing it in dollars and cents per \$100 of value. Taxable value is a property's appraised value minus all applicable exemptions, deductions and limitations.⁵ The tax rate is the level of taxation imposed by a taxing unit on taxable property within its boundaries. The local government's tax assessor applies the tax rate to the taxable value in its jurisdiction to compute the amount of tax due on each property.





CHAPTER 1

Focus on Local Taxes Statewide

Texas local units of government rely heavily on property tax to fund their operations. Nearly 4,000 separate taxing jurisdictions impose a property tax; these include counties, school districts, cities and special-purpose districts, such as junior colleges, hospitals, utilities, flood control and emergency service districts.

In addition to property tax, the Texas Constitution and Legislature empower local governments to impose, levy and collect other taxes and fees that supplement their operations.

The local property tax remains the largest tax assessed in Texas. Statewide, property taxes levied by local governmental entities exceeded \$40 billion in 2009, the most recent year for which the Comptroller has reported data (Exhibit 1).

Exhibit 1

Tax Revenue in Texas by Source, 2009

Type of Tax	Tax Amount	Percent of Total Tax
Property Tax ⁶	\$40,034,355,798	47.80%
State Sales Tax ⁷	\$21,014,065,089	25.09%
Local Sales Taxes	\$5,903,570,177	7.05%
Other State Taxes	\$16,808,387,924	20.07%
Total Taxes	\$83,760,378,988	100%

Source: Texas Comptroller of Public Accounts and 2009 Annual Cash Report.

While local property taxes account for almost half of all tax revenue in the state, the state does not set property tax rates or collect property taxes.

The next-largest tax revenue source in Texas is the sales tax, which is imposed by both the state and local governments (except for school districts, which do not have authority to assess a sales tax). In 2009, combined sales tax collections totaled \$26.9 billion, or 32.14 percent of all taxes collected in Texas. The bulk of that amount, \$21 billion, went to the state, with local governments receiving \$5.9 billion.

Other state taxes, such as those imposed on motor fuels, cigarettes and utilities totaled \$16.8 billion (20.07 percent). Local governments collect 48 percent of all taxes in the state, while state government takes in 52 percent.

Local Property Tax

The Texas Constitution sets out five basic rules for property taxes.

The first requirement is that property taxes must be equal and uniform.⁸ No single property or type of property should be taxed at more or less than its taxable value. Local officials must base property taxes on value. If, for instance, an individual's property is worth half as much as the property owned by his or her neighbor, then – everything else being equal – that individual's tax bill should be one-half of his or her neighbor's. In addition, an appraiser cannot appraise commercial property at 150 percent of market value while appraising residential property at 50 percent of market value.

Second, a local government must generally tax all property on its current market value – the price it would sell for when both buyer and seller seek the best price and neither is under pressure to buy or sell.⁹ The Texas Constitution provides certain exceptions to this rule, such as the use of productivity values for agricultural and timber land. This means that governments assess taxes based on the value of what the land produces, such as crops and livestock, rather than its sale value, which is usually higher. The Tax Code requires that taxable value be the lower of productivity or market value.

Third, each property in a county must have a single appraised value.¹⁰ This means that the various local governments that collect property taxes cannot assign different values to the same property; all must use the same value. The Legislature requires CADs in each county to try to guarantee that this occurs.



Fourth, all property is taxable unless federal or state law exempts it from the tax. These exemptions may exclude all or part of a property’s value from taxation.¹¹ Finally, property owners have a right to reasonable notice of increases in the appraised value of their property.¹²

Local governments can assess and collect property taxes for two primary uses. First, they can collect a maintenance and operations (M&O) tax that is used primarily to pay for the day-to-day functions of the government. An interest and sinking (I&S) tax is collected to pay bonds, including interest, sold by the local entity to finance capital projects such as buildings, facilities or other infrastructure. The local government can only use these funds to pay principal and interest on bonds; to cancel and surrender bonds; and to pay the expenses of assessing and collecting these taxes. While I&S property taxes are not the only way for local governments to pay for infrastructure, it is one of the primary tools available for this purpose.

Local Property Tax Levies

In tax year 2009, Texas’ local taxing units levied over \$40 billion in property taxes, 2.7 percent more than in 2008 (Exhibit 2).

Exhibit 2 Property Taxes Reported by Unit Type, 2008 vs. 2009

Unit Type	2008 Number of Units	2008 Tax Levy	2008 Percent of Levy	2009 Number of Units	2009 Tax Levy	2009 Percent of Levy	Percent Levy Change from 2008 to 2009
School Districts	1,025	\$21,233,517,226	54.5%	1,025	\$21,780,056,204	54.4%	2.6%
Cities	1,054	\$6,451,012,447	16.5%	1,059	\$6,593,755,037	16.5%	2.2%
Counties	254	\$6,342,704,903	16.3%	254	\$6,526,724,060	16.3%	2.9%
Special Districts	1,609	\$4,952,734,969	12.7%	1,639	\$5,133,820,497	12.8%	3.7%
Total	3,942	\$38,979,969,545	100%	3,977	\$40,034,355,798	100%	2.7%

Source: Texas Comptroller of Public Accounts.

Unlike other local governments, which can also collect sales taxes and fees, school districts’ only source of tax revenue is the property tax. In 2009, the state’s 1,025 school districts levied almost \$21.8 billion in property taxes, or 54.4 percent of all property taxes levied in the state (Exhibits 2 and 3).

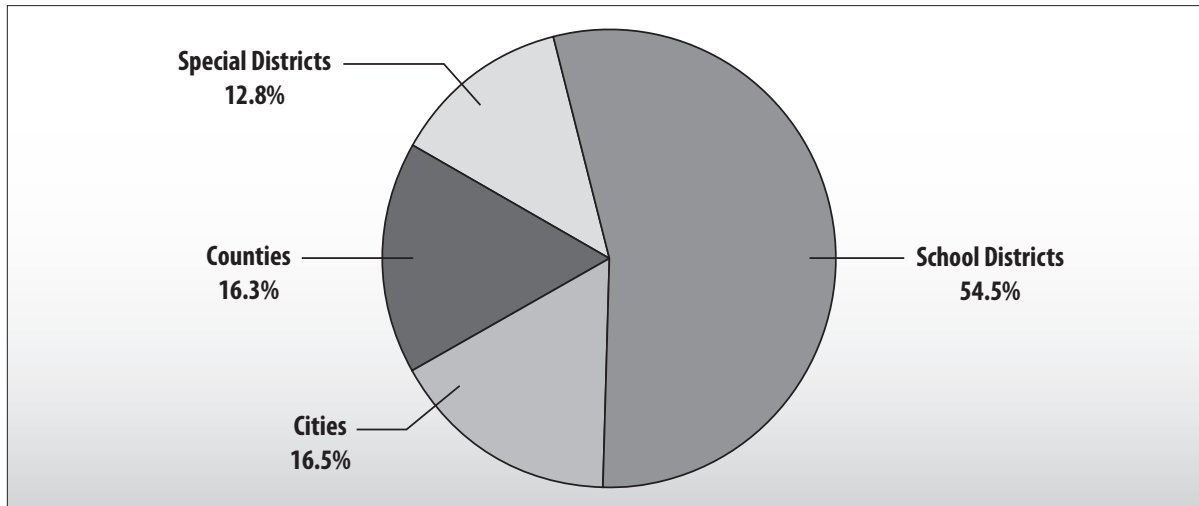
Cities collected the second-largest share of the property tax in 2009 – \$6.59 billion, an increase of 2.2 percent from the 2008 levy. Counties followed closely behind with a property tax levy of \$6.52 billion, 2.9 percent more than in 2008. The levy of special-purpose districts rose by 3.7 percent from 2008 to 2009, to \$5.1 billion.

In the last 20 years, property taxes have grown at an average annual compounded rate of 6.58 percent from 1990 to 2009 (Exhibit 4).

During the same 20-year period, special purpose districts saw the highest rate of increase in property tax levies, with an average annual increase of 7.26 percent. Counties followed closely behind with an increase of 7.2 percent, school districts experienced annual compounded rates of 6.48 percent and cities had the lowest annual growth rate, at 5.9 percent.



EXHIBIT 3 Local Governments' Share of Property Tax



Source: Texas Comptroller of Public Accounts.

Exhibit 4 Growth of the Property Tax by Unit Type, 1990-09

Tax Year	Special Purpose District Levy	County Levy	City Levy	School Levy	Total Levy
1990	\$1,354,607,273	\$1,743,176,612	\$2,218,971,749	\$6,605,433,619	\$11,922,189,253
1991	\$1,459,643,501	\$1,894,013,461	\$2,303,609,801	\$7,566,042,099	\$13,223,308,862
1992	\$1,492,043,534	\$1,996,116,460	\$2,311,630,199	\$8,181,309,478	\$13,981,099,671
1993	\$1,535,769,813	\$2,176,974,573	\$2,362,404,482	\$8,681,859,148	\$14,757,008,016
1994	\$1,620,504,796	\$2,311,389,149	\$2,493,554,910	\$9,024,885,601	\$15,450,334,456
1995	\$1,628,217,607	\$2,391,961,283	\$2,596,742,540	\$9,340,994,056	\$15,957,915,486
1996	\$1,698,557,436	\$2,537,183,937	\$2,701,214,386	\$9,910,195,171	\$16,847,150,930
1997	\$1,759,622,591	\$2,658,308,076	\$2,847,081,480	\$10,394,500,372	\$17,659,512,519
1998	\$1,889,138,306	\$2,828,286,927	\$3,005,996,060	\$11,334,614,289	\$19,058,035,582
1999	\$2,041,041,011	\$2,979,279,400	\$3,247,964,177	\$12,009,923,498	\$20,278,208,086
2000	\$2,389,110,312	\$3,200,919,731	\$3,530,863,516	\$13,392,336,012	\$22,513,229,571
2001	\$2,703,512,059	\$3,566,857,130	\$3,884,829,249	\$15,155,217,587	\$25,310,416,025
2002	\$2,864,454,984	\$3,849,728,346	\$4,186,795,363	\$16,418,788,831	\$27,319,767,524
2003	\$3,092,285,295	\$4,121,758,950	\$4,415,212,819	\$17,264,153,972	\$28,893,411,036
2004	\$3,369,068,834	\$4,462,844,074	\$4,607,757,531	\$18,533,964,802	\$30,973,635,241
2005	\$3,609,629,697	\$4,772,652,208	\$4,901,791,597	\$20,194,915,813	\$33,478,989,315
2006	\$3,972,185,910	\$5,339,613,542	\$5,322,985,519	\$20,918,122,059	\$35,552,907,030
2007	\$4,513,060,409	\$5,836,989,949	\$5,890,306,731	\$18,874,239,532	\$35,114,596,621
2008	\$4,952,734,969	\$6,342,704,903	\$6,451,012,447	\$21,233,517,226	\$38,979,969,545
2009	\$5,133,820,497	\$6,526,724,060	\$6,593,755,037	\$21,780,056,204	\$40,034,355,798
Average Annual Increase	7.26%	7.20%	5.90%	6.48%	6.58%

Source: Texas Comptroller of Public Accounts.



Keeping Check on Local Property Tax Increases

The Legislature has provided Texas taxpayers with a mechanism to limit the rate of taxation a local government may adopt. If local taxing units, other than school districts, adopt rates above a calculated rollback rate, taxpayers can petition for a rollback election.

A school district exceeding the rollback rate must hold an election automatically, without any need for a petition process. This allows its voters to decide whether to approve the adopted tax rate or to roll back the tax rate.

In 2009, 48 school districts exceeded the rollback rate, compared with 116 in 2008. Voters in 24 school districts rejected the tax rate proposed by the school board and in 24 elections voters ratified the board's proposed rate (**Exhibit 5**).

Exhibit 5 2009 School District Rollback Election Results

School District	County (or Counties) in Which the School District is Located	Election Results (Rate Ratified or Rolled Back)
Aledo ISD	Parker	Rolled Back
Alvord ISD	Wise	Ratified
Anson ISD	Jones	Rolled Back
Bryan ISD	Brazos	Rolled Back
Canutillo ISD	El Paso	Ratified
Centerville	Trinity	Rolled Back
Cherokee ISD	San Saba	Ratified
City View ISD	Wichita	Ratified
Coleman ISD	Coleman	Ratified
Collinsville ISD	Grayson	Rolled Back
Devine ISD	Medina	Ratified
Dime Box ISD	Lee	Rolled Back
Elkhart ISD	Anderson	Ratified
Everman ISD	Tarrant	Rolled Back
Frost ISD	Navarro	Rolled Back
Gunter ISD	Grayson, Collin	Ratified
Hempstead ISD	Waller	Rolled Back
Huntsville ISD	Walker	Ratified
Jonesboro ISD	Coryell	Rolled Back
Karnes City ISD	Karnes	Ratified
Keene ISD	Johnson	Ratified
Lake Travis ISD	Travis	Rolled Back
Lorena ISD	McLennan	Rolled Back
Louise ISD	Wharton	Ratified

School District	County (or Counties) in Which the School District is Located	Election Results (Rate Ratified or Rolled Back)
Lovejoy ISD	Collin	Rolled Back
Millsap ISD	Palo Pinto, Parker	Rolled Back
Mission ISD	Hidalgo	Rolled Back
Northside ISD	Wilbarger	Ratified
Paint Rock ISD	Concho	Ratified
Palestine ISD	Anderson	Ratified
Panther Creek Cons. ISD	Coleman	Ratified
Petrolia ISD	Clay	Rolled Back
Prairiland ISD	Lamar	Rolled Back
Premont ISD	Jim Wells	Rolled Back
Richland Springs ISD	San Saba	Ratified
Robinson ISD	McLennan	Ratified
Ropes ISD	Hockley	Ratified
Rotan ISD	Fisher	Ratified
San Augustine ISD	San Augustine	Rolled Back
San Elizario ISD	El Paso	Rolled Back
San Saba ISD	San Saba	Rolled Back
Santa Maria ISD	Cameron	Rolled Back
Santa Rosa ISD	Cameron	Rolled Back
Santo ISD	Erath, Palo Pinto	Rolled Back
Southland ISD	Garza, Lynn	Ratified
Sulphur Bluff ISD	Franklin, Hopkins	Ratified
Venus ISD	Johnson	Ratified
Zavalla ISD	Angelina	Ratified

Source: Texas Comptroller of Public Accounts, 2009-10 Operations Survey.



A school district that adopts a tax rate above the rollback rate must hold a rollback election between 30 and 90 days after its board of trustees adopts the rate. The school district's election differs from that of other taxing units in that the school district must ask voters to ratify the school district's adopted tax rate. If a simple majority of votes cast in the election favors the adopted tax rate, it stands. If the voters disapprove the adopted rate, the school district's rollback rate becomes the adopted tax rate.

Appraisal districts reported that no cities or counties held rollback elections.

Appraised and Taxable Values

The Tax Code requires the Comptroller's office annual report on the operations of appraisal districts to include, for each appraisal district, county and school district, the following:

- total appraised values, assessed values and taxable values of taxable property by class of property;
- assessment ratio; and
- tax rate.

The Comptroller's office may also include the same information for other taxing units, such as cities and special purpose districts.¹³

With a few exceptions described previously, the appraised value of property is based on an appraiser's opinion regarding a property's market value as of a certain date. Generally, the Tax Code defines appraised value as market value as of Jan. 1.¹⁴ Appraised value means the value as determined by Chapter 23 of the Tax Code.¹⁵

Taxable value means the amount determined by deducting from appraised value, the amount of any applicable partial exemptions.¹⁶

Property Classifications

At least once every two years, the Comptroller's office must conduct a study in each appraisal district to determine the degree of uniformity of and the median level of appraisals by the appraisal district within each major category of property.¹⁷ Pursuant to this requirement the Comptroller's office developed the *Property Classification Guide* that CADs use to submit data to the Comptroller's office. Each CAD reports total appraised value in the following property categories:

Exhibit 6 Property Categories

Category	Category Name	Description
A	Real Property: Single-family Residential	Houses, condominiums and mobile homes located on land owned by the occupant.
B	Real Property: Multi-family Residential	Residential structures containing two or more dwelling units belonging to one owner. Includes apartments but not motels or hotels.
C	Real Property: Vacant Lots and Tracts	Unimproved land parcels usually located within or adjacent to cities with no minimum or maximum size requirement.
D1	Real Property: Qualified Agricultural Land	All acreage qualified for productivity valuation under Texas Constitution, Article VIII, 1-d or 1-d-1.
D2	Real Property: Non-Qualified Land	Acreage that is not qualified for productivity valuation and is rural in nature.
E	Real Property: Farm and Ranch Improvements	Improvements associated with land reported as Category D property, including all houses, barns, sheds, silos, garages, other improvements associated with farming or ranching and land separated from a larger tract for residential purposes.
F1	Real Property: Commercial	Land and improvements devoted to sales, entertainment or services to the public. Does not include utility property, which is included in Category J.
F2	Real Property: Industrial	Land and improvements devoted to the development, manufacturing, fabrication, processing or storage of a product, except for utility property included in Category J.



Exhibit 6 Property Categories (concluded)

Category	Category Name	Description
G	Oil, Gas and Other Minerals	Producing and non-producing wells, all other minerals and mineral interests and equipment used to bring the oil and gas to the surface, not including surface rights.
H	Tangible Personal Property: Nonbusiness Vehicles	Privately owned automobiles, motorcycles and light trucks not used to produce income.
J	Real and Personal Property: Utilities	All real and tangible personal property of railroads, pipelines, electric companies, gas companies, telephone companies, water systems, cable TV companies and other utility companies.
L1	Personal Property: Commercial	All tangible personal property used by a commercial business to produce income, including fixtures, equipment and inventory.
L2	Personal Property: Industrial	All tangible personal property used by an industrial business to produce income, including fixtures, equipment and inventory.
M (M1 and M2)	Mobile Homes and Other Tangible Personal Property	Taxable personal property not included in other categories, such as mobile homes on land owned by someone else. It also may include privately owned aircraft, boats, travel trailers, motor homes and mobile homes on rented or leased land.
N	Intangible Personal Property	All taxable intangible property not otherwise classified.
O	Real Property: Residential Inventory	Residential real property inventory held for sale and appraised as provided by Tax Code Section 23.12.
S	Special Inventory	Certain property inventories of businesses that provide items for sale to the public. State law requires the appraisal district to appraise these inventory items based on business's total annual sales in the prior tax year. Category S properties include dealers' motor vehicle inventory, dealers' heavy equipment inventory, dealers' vessel and outboard motor inventory and retail manufactured housing inventory.

Source: Texas Property Tax Assistance Property Classification Guide.

Appraisal District Values

In 2009, CADs continued to appraise property with uniform results and close to market value. Market value is the price at which a property would transfer for cash or its equivalent under prevailing market conditions, if:

- it is exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used, and of the enforceable restrictions on its use; and

- both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the other.¹⁸

The median appraisal ratio measures how closely a CAD's typical appraisal is to market value. A median is a statistical measure of central tendency, which is the middle number in a group of numbers ranked from highest to lowest. If the sequence of numbers has an even number of entries, the median is the average of the two middle numbers.

According to the 2009 Property Value Study (PVS), the CADs' median appraisal ratio for market value was 99 percent. **Exhibit 7** compares the statewide median appraisal ratios from the PVS for 1999 through 2009.



Exhibit 7 Statewide Median Appraisal Ratios, 1999-09 PVS

Property Category	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
A: Single-family Residences	98%	98%	97%	98%	99%	99%	98%	98%	98%	98%	99%
B: Multi-family Residences	98%	98%	99%	98%	98%	98%	98%	97%	97%	99%	99%
C: Vacant Lots	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
D: Rural Real	98%	98%	98%	99%	99%	98%	99%	99%	99%	98%	99%
F1: Commercial Real	98%	97%	98%	98%	98%	97%	97%	97%	96%	97%	97%
G: Oil, Gas, Minerals	102%	103%	99%	101%	100%	100%	101%	102%	100%	100%	102%
J: Utilities	100%	100%	100%	100%	100%	100%	100%	100%	100%	99%	101%
L1: Commercial Personal	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Overall	99%	99%	99%	100%	99%	99%	99%	99%	99%	99%	99%

Source: Texas Comptroller of Public Accounts, 2009 PVS.

Exhibit 7 does not include figures for the following categories, because they are not sampled:

- F2: Real Property – Industrial;
- L2: Personal Property – Industrial;
- M: Mobile Homes and Other Tangible Personal Property;
- O: Real Property – Residential Inventory; and
- S: Special Inventory.



Appraised Values

CADs annually submit data to PTAD electronically that cover critical aspects of their appraisal work. Each CAD reports total appraised value in the property categories developed by the Comptroller's office (**Exhibit 8**).

Exhibit 8 2009 Market Value of Taxable Property by Category of Property, CADs

Property Category	Number of Items*	Total Market Value of Taxable Property	Percent of Total Market Value
A. Real: residential, single-family (properties)	6,776,678	937,139,606,029	43.49%
B. Real: residential, multifamily (properties)	151,178	87,384,447,438	4.06%
C. Real: vacant lots/tracts (lots)	1,658,044	45,231,166,746	2.10%
D1. Real: qualified ag land (acres)	143,932,338	213,157,133,952	9.89%
D2. Real: non-qualified land (acres)	18,200,239	21,640,311,834	1.00%
E. Real: farm and ranch improvements (parcels)	612,171	46,167,247,956	2.14%
F1. Real: commercial (properties)	459,356	298,582,186,772	13.86%
F2. Real: industrial (properties)	23,900	89,841,501,454	4.17%
G1. Real: minerals oil and gas (leases)	3,816,491	108,237,710,549	5.02%
G2. Real: other mineral reserves (properties)	53	75,794,130	0.00%
G3. Real: non-producing minerals (properties)	2,867	7,610,393	0.00%
H. Tangible, non-business vehicles (accounts)	15,423	175,650,989	0.01%
J. Real and tangible personal: utilities (companies)	149,592	58,091,602,660	2.70%
L1. Personal: commercial (properties)	874,778	129,804,342,456	6.02%
L2. Personal: industrial (properties)	85,426	99,476,072,397	4.62%
M1. Mobile homes (mobile homes)	333,758	5,638,166,046	0.26%
M2. Other: tangible personal (accounts)	770	33,127,498	0.00%
N. Intangible personal (accounts)	5	45,870	0.00%
O. Real property, inventory (properties)	298,859	9,719,199,145	0.45%
S. Special Inventory (properties)	14,142	4,318,228,946	0.20%
Total		2,154,721,153,260	100%

* Property categories are counted in a number of ways, such as properties, acres, leases, parcels, companies and accounts. The type of unit is in parenthesis in each category in the first column. No total is provided since they include different types.

Source: Texas Comptroller of Public Accounts, Appraisal District – Report of Property, 2009.

Full details of all appraisal values are available on the Comptroller's website at <http://www.window.state.tx.us/taxinfo/proptax/annual09/ch01.html>



CHAPTER 2

Appraisal Districts Operations

Before the Legislature created appraisal districts in 1981, thousands of governmental taxing entities appraised property and imposed taxes independently, resulting in wide disparities in value. As property tax levies increased and the state began to base more aid to school districts on property values, centralized local appraisal became necessary to ensure equal taxpayer treatment.

The CAD system greatly improved equity in property taxation and school funding, although there are still wide differences in individual CAD practices. Each year, PTAD surveys the state's 253 CADs for information about their operations.¹⁹ The CADs provide historical data from the prior tax year and projected data based on budgets and plans for the current tax year. Surveys commonly do not get a 100 percent response rate and not every respondent answers every question. This year, the Dickens, Edwards, Live Oak, Motley and San Jacinto CADs did not respond to the survey.

The differences in responses reported in PTAD's annual survey reflect the diversity among CADs. While the range in survey results makes generalized observations difficult, it does demonstrate the complexity of the CADs' daily operations, the massive job they perform each year and the benefit they provide to local taxing units.

The Comptroller's office provides CAD information to legislators, taxpayers, news media, local taxing entities, state agencies and CADs. PTAD uses the information to prepare legislative fiscal estimates and as background for its methods and assistance program (MAP) reviews. CADs use the information to compare their operations with those of other CADs.

The complete survey data is available on the Comptroller's website at: www.window.state.tx.us/taxinfo/proptax/annual09/2009-10_operations_survey_raw_data.xls. Following are highlights of the information contained in the surveys.

Budget Information

Local taxing units pay CAD expenses according to their share of the total property tax levy of all the taxing units in the CAD. Each taxing unit participating in the CAD is allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the CAD by the unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the CAD by each participating unit for that year.²⁰

Final 2009 CAD operating expenses totaled \$379 million. The average 2009 CAD operating budget exceeded \$1.5 million, 7.26 percent more than in 2008. Grouping the CADs by account sizes shows the variance in costs per account (**Exhibit 9**).

Exhibit 9 2009 CAD Budget Information

Number of Accounts	Number of CADs	Average 2009 Budget	Average Cost Per Account
Below 5,000	5	\$139,140	\$51.32
5,000 to 9,999	22	\$164,909	\$20.68
10,000 to 14,999	21	\$220,443	\$17.93
15,000 to 19,999	21	\$278,588	\$16.02
20,000 to 24,999	22	\$374,652	\$17.26
25,000 to 34,999	35	\$560,026	\$18.88
35,000 to 49,999	34	\$793,467	\$18.92
50,000 to 74,999	27	\$937,354	\$16.06
75,000 to 149,999	28	\$1,563,847	\$15.97
150,000 to 300,000	17	\$3,853,166	\$18.79
More than 300,000	12	\$14,400,365	\$25.27

Source: Texas Comptroller of Public Accounts, 2009-10 Appraisal Districts Operations Survey.



Appraisal District Staff

Full-time CAD employees numbered 4,481 in 2009, with 811 holding supervisory positions and another 329 involved in collection activities. The CADs employed 1,772 professional appraisers, representing 39.5 percent of all full-time CAD employees (Exhibit 10). The number of full-time positions in Exhibit 10 does not match the sum of all positions listed due to employees splitting time between multiple job duties.

Exhibit 10 2009 CAD Staffing

Type of Position	Number of Employees
Full time positions	4,481
Collections staff	329
Supervisory	811
Appraisers	1,772
Mappers	409
IT	340
Clerical	1,537

Source: Texas Comptroller of Public Accounts, 2009-10 Appraisal Districts Operations Survey.

Salaries for CAD appraisers in 2009 ranged from an average of \$29,623 to \$46,380. CAD computer programmers were paid an average ranging from \$40,848 to \$51,581.

Appraisers must be registered with the Texas Department of Licensing and Regulation (TDLR) and must either be a Registered Professional Appraiser (RPA) or enroll in training to become one within five years of their employment as an appraiser. CADs reported that 1,944 of their employees have certifications issued by TDLR. Statewide, 1,475 appraisers have obtained the RPA designation; 253 are Registered Texas Assessor Collectors; 126 are Registered Texas Collectors; and 90 individuals have all three designations.

In 2009, 228 CADs provided staff with medical insurance and 238 provided retirement benefits. One hundred ninety-four CADs reimburse staff for mileage expenses at an average rate of \$0.507 per mile; 48 CADs do not provide mileage. Forty-two

CADs provide appraisal staff with automobiles for use in their work.

Nearly all CADs, or 243, included a budget line item for staff training. Statewide training budgets totaled slightly less than \$3 million, or an average of \$12,067 per CAD.

Contracted Services

Most CADs contract with third-party vendors to provide appraisal services for complex properties such as mineral reserves and utilities. In 2009, 239 CADs had these contracts at a cost of slightly less than \$18 million, or an average of \$74,918 per CAD. Of the 18.4 million parcels appraised by CADs, 4.9 million were appraised by contracted companies (Exhibit 11).

Exhibit 11 Parcel Categories Appraised by Contractors in 2009

Category	Number of CADs Contracting for this Category
Single-Family Residences	38
Multi-Family Residences	38
Vacant Lots	37
Rural Real	43
Commercial Real	53
Industrial Real	173
Oil, Gas, Minerals	217
Utilities	225
Commercial Personal	53
Industrial Personal	200
Other Personal	38
Residential Inventory	17
Special Inventory	23

Source: Texas Comptroller of Public Accounts, 2009-10 Appraisal Districts Operations Survey.

CAD staff appraised an average of 56,811 parcels, with the each appraiser being responsible for 5,992 parcels.



Computer Assisted Mass Appraisal

Most CADs, or 232, use a computer assisted mass appraisal (CAMA) system to perform appraisals. Exhibit 12 summarizes the types of CAMA systems used, as well as the costs involved.

Exhibit 12 Types of CAMA Systems Used and Cost to CADs in 2009

Type of CAMA System	Costs to All CADs	Average Cost per CAD
Owns CAMA System	\$1,548,919	\$171,543
Contract for CAMA System but appraisal district staff operates software	\$6,204,680	\$50,445
Contract for CAMA system and company maintains system off-site	\$1,548,919	\$31,611
Unreported type of CAMA system	\$183,780	\$26,254
Total	\$16,171,453	\$69,705

Source: Texas Comptroller of Public Accounts,
2009-10 Appraisal Districts Operations Survey.

Appraisal Review Board

In 2009, CADs reported that there were 1,687 ARB members. Thirty-two ARBs made use of panels to hear protests. The CADs reporting the use of panels usually had two panels with an average of three members per panel.

ARBs met for an average of 13.2 days to hear protests. One hundred fifty-nine ARBs provided evening sessions, while 82 held protest hearings on Saturday and 31 held them on Sunday. The ARBs provided several lengths of time for hearings but the typical ARB hearing took between 16 and 30 minutes (Exhibit 13).

Exhibit 13 Time Allowed for ARB Hearings

Time	Number of CADs Scheduling This Time	Number of CADs Reporting This Time as Actual Length of a Hearing
5 minutes or less	2	1
6 to 15 minutes	142	97
16 to 30 minutes	66	120
31 to 45 minutes	1	20
46 to 60 minutes	0	3
More than 60 minutes	36	2
CADs not reporting	1	5

Source: Texas Comptroller of Public Accounts,
2009-10 Appraisal Districts Operations Survey.

Value Protests

In 2009, property owners filed 1,332,737 protests with the ARBs. Many CADs, or 242, provide an informal process wherein the CAD and property owner try to resolve their differences before going to the ARB. CADs reported that 759,237 property owners asked to meet informally to try to resolve their concerns (Exhibit 14).

Exhibit 14 Property Owners Filing Protests in 2009

Action Taken to Protest	Number of Protests	Percent of Protests Filed
Owners filing a notice of protest	1,332,737	n/a
Owners who filed a notice of protest that asked for an informal meeting	759,237	56.97%
Owners resolved their concerns at an informal meeting	613,049	46.00%
Owners filed a notice of protest that attended a protest hearing	285,723	21.44%
ARB hearing resulted in a value reduction	181,566	13.62%
Owners filed a notice of protest but did not follow up with a protest hearing	313,226	23.50%

Source: Texas Comptroller of Public Accounts,
2009-10 Appraisal Districts Operations Survey.

Of the owners resolving their concerns with the CAD at an informal meeting, 570,213 received a reduction in value. Statewide, CADs granted property owners \$29.6 billion in reductions at informal



meetings, for an average of \$51,974 per property owner protest.

CADs defended 859,057 protests before the ARB in 2009, including:

- 356,077 over market value protests;
- 126,936 unequal value;
- 274,878 both over market value and unequal value;
- 17,280 exemptions denied, modified or canceled; and
- 83,886 other.

Of the property owners who presented a protest to the ARB in 2009, 181,566 received a reduction in value. The average reduction received was \$133,481 and the total reduction granted by the ARB was \$24.2 billion.

When considering the reductions during informal meetings or at ARB hearings, there are some important points to remember. These numbers include all types of property, from small residential houses to large industrial or commercial complexes. Both the average and total value reductions may be skewed by the large values of some properties, which may reduce the usefulness for any specific user of the data.

In a separate survey, PTAD obtained information to update names and addresses of CAD directors, ARB members and chief appraisers. This information is contained in the 2009 Appraisal District Directory, available online at www.window.state.tx.us/taxinfo/proptax/apprdir09/.

In conclusion, 35 additional taxing units were reported in 2009 versus 2008, 30 of them being special districts. Local taxing units levied over \$1 billion more in property taxes in 2009 than in 2008, an increase of 2.7 percent.

In the past, this report has been a more detailed, combined annual report and operations report. The scope has been reduced for 2009 to conserve resources and allow for easier electronic access and distribution. The raw data for this report is available in downloadable electronic spreadsheets via the links provided throughout this report.

For additional information, please contact the Property Tax Assistance Division through its website at www.window.state.tx.us/taxinfo/proptax/ or by calling (800) 252-9121, ext. 2, or locally at (512) 305-9999, ext. 2.



Endnotes

- ¹ Tax Code § 5.09.
- ² Tax Code § 26.02.
- ³ Tax Code § 5.03(b).
- ⁴ Tax Code § 6.01(b).
- ⁵ Tax Code § 1.04(10).
- ⁶ Property taxes are assessed and collected by local governments.
- ⁷ Sales taxes are collected by businesses, submitted to the Texas Comptroller and the local portion is then remitted to local governments.
- ⁸ Texas Constitution, Article 8, §1(a).
- ⁹ Texas Constitution, Article 8, §20.
- ¹⁰ Texas Constitution, Article 8, §18.
- ¹¹ Texas Constitution, Article 8, §1(b). This section of the Constitution sets out the general premise for exemptions that “All real property and tangible personal property in this State, unless exempt as required or permitted by this Constitution, whether owned by natural persons or corporations, other than municipal, shall be taxed in proportion to its value, which shall be ascertained as may be provided by law.” Other Constitutional provisions set out specific exemptions required or permitted.
- ¹² Texas Constitution, Article 8, §21(c).
- ¹³ Tax Code § 5.09.
- ¹⁴ The International Association of Assessing Officers, Property Appraisal and Assessment Administration, edited by Joseph K. Eckert, Ph.D. (Chicago, Illinois, 1990), p. 15. This publication is commonly called the Red Book. Tax Code §§ 1.04(8) and 23.01.
- ¹⁵ Tax Code § 1.04(8).
- ¹⁶ Tax Code § 1.04(10).
- ¹⁷ Tax Code § 5.10(a).
- ¹⁸ Tax Code §1.04(7).
- ¹⁹ Although there are 254 counties in the state, the Panhandle counties of Potter and Randall, where Amarillo is located, operate a joint appraisal district.
- ²⁰ Tax Code §6.06(d).

For more information, visit our website:
www.window.state.tx.us/taxinfo/proptax

For additional copies write:
Texas Comptroller of Public Accounts
Property Tax Assistance Division
P.O. Box 13528
Austin, Texas 78711-3528

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