



Susan Combs Texas Comptroller of Public Accounts



Annual Property Tax Report Tax Year 2008, Revised Edition

Issued February 2010



February 2010

The Honorable Rick Perry, Governor
The Honorable David Dewhurst, Lieutenant Governor
The Honorable Joe Straus, Speaker of the House
Members of the 82nd Legislature

Dear Governor Perry, Lieutenant Governor Dewhurst, Speaker Straus and Members of the Legislature:

In December 2009, we issued the Annual Property Tax Report for Tax Year 2008. Enclosed with this letter is a revised report that reflects text edits. These edits do not significantly impact the underlying data, assumptions or analysis. For ease of reference, this report is dated February 2010 on the front cover and subsequent pages.

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 feel free to give me a call at (512) 936-4251.

I hope you will find this revised annual report helpful.

Sincerely,



Deborah Cartwright, Director
Property Tax Assistance Division





Foreword

Tax Code Section 5.09 directs the Comptroller to publish an annual report on the operations of appraisal districts. This report provides those interested in the Texas local property tax a single point of reference for appraisal district operations and practices, market values, tax rates and tax levies for Texas local governments.

This report summarizes a great volume of data collected by the Comptroller's office, but the Comptroller's office also provides the raw report data 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 levy and tax rate for each county, city, school district and special-purpose district in each appraisal district in the state.

This year, the report includes an additional chapter focusing on the work of appraisal review boards (ARBs), which play a vital role in the appraisal process. An ARB is a panel of appointed appraisal district residents that hears taxing unit challenges and taxpayer protests. The Texas Legislature continues to look at ways to ensure the independence and competency of ARB members to assure taxpayers the protest process remains unbiased and independent.

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 for

taxing entities to use in setting their ad valorem tax rates and levying property taxes. Taxable value is a property's appraised value minus all applicable exemptions, deductions and limitations. The tax levy is the total amount of taxes imposed by a taxing unit on taxable property within its boundaries.

The governing bodies of taxing units, such as school boards, commissioners courts, city councils and special 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. The local government's tax assessor applies this rate to the taxable value in its jurisdiction to compute the amount of tax due on each property.

The tax code charges the Comptroller with reviewing each CAD's performance and providing information and technical assistance to CAD boards of directors, ARBs, tax professionals and the public.

An ARB can order corrections to property records and approve the appraisal records. An appraisal record shows the property identification number, the owner's name, the property's appraised value, the value of any exemptions and the taxable value of the property. Each CAD's chief appraiser uses the ARB-approved appraisal records to create an equal and uniform appraisal roll for the taxing entities. A CAD's appraisal roll lists all properties within its boundaries; a taxing unit's appraisal roll lists the same data within its own boundaries.





Table of Contents

Chapter 1: Focus on Statewide Taxes	1
Exhibit 1: Tax Revenue in Texas by Source, 2008	1
Local Property Tax	1
Local Property Tax Levies and Values	2
Exhibit 2: Property Taxes Reported by Unit Type, 2007 vs. 2008	2
Exhibit 3: Local Governments' Share of Property Tax	3
Exhibit 4: Growth of the Property Tax by Unit Type, 1989-2008	3
Keeping Check on Local Property Tax Increases	4
Exhibit 5: 2008 School District Rollback Election Results	4
Exhibit 6: History of School District Rollback Elections, 1989-2008	8
 Chapter 2: Focus on Appraisal Districts: Operations	9
CAD Governance	9
Exhibit 7: Top 5 Law Firms Representing CADs, 2008	10
Agricultural Advisory Boards	10
CAD Operations	10
CAD Budgets	10
Exhibit 8: Top 10 CAD Proposed Budgets, 2009	10
Exhibit 9: 2008 CAD Spending by Size	10
Exhibit 10: CADs with 10 Largest Surpluses, 2008	11
CAD Staff	11
Exhibit 11: Top 10 Chief Appraiser Salaries, 2008	11
CAD Appraisal Work	12
Exhibit 12: 25-Year Review of Appraisal District Workload	12
Reappraisal	12
Exemptions	12
Certifying the Appraisal Roll	13
Assessing and Collecting	13
Exhibit 13: Compliance with Requirement to Certify Appraisal Roll	13
Facilities and Computers	13
Exhibit 14: Top 5 Appraisal Software Vendors, 2008	14
 Chapter 3: Focus on Appraisal Districts — Property Appraisals	15
Exhibit 15: Statewide Median Appraisal Ratios, 1998-2008 PVS	15
Exhibit 16: Recommended Appraisal Uniformity Measured by COD	16
Exhibit 17: Statewide Coefficients of Dispersion, 1998-2008 PVS	16
Local Self Report Data — 2008	17
Exhibit 18: Top Ten Appraisal Districts in Total Value, 2008	18
Exhibit 19: Top Ten Appraisal District Rankings in Various Categories, 2008	18



Chapter 4: Focus on Appraisal Review Boards	19
Exhibit 20: Scheduling of Protest Hearings	20
Exhibit 21: Number of ARB Protests Filed, 2008	20
Exhibit 22: Number of Arbitration Appeals Filed, 2008	21
Exhibit 23: Analysis of Value Loss Due to Arbitration	21
Arbitration	21
Appeals to District Court	22
Exhibit 24: Top 10 Counties for Appeals to District Court of ARB Decisions	22
Exhibit 25: Property Value Involved in Lawsuits to District Court	22
Chapter 5: Focus on School District Taxes	23
School Tax Rates	23
Exhibit 26: School District Tax Levies, 2005-08	23
Exhibit 27: Changes in ISD Tax Rates, 2007-08	24
Exhibit 28: Range of 2008 School District Tax Rates	24
Exhibit 29: Top 10 School Districts in Tax Levy, 2008	25
School Tax by Property Type	25
Property Value Trends	25
Exhibit 30: School Property Tax Values by Property Category, 2007-08	26
School Districts: Local Self Report Data — 2008	27
Exhibit 31: Texas School Districts Total Appraised Value, 2008	28
Chapter 6: Focus on County Taxes	29
Exhibit 32: County Property Tax Values, 2007-08	29
Exhibit 33: County Tax Levy Statewide, 2007-08	30
County Tax Levy	31
County Tax Rates	31
Exhibit 34: Top Ten Counties in Tax Levy, 2008	31
Permanent University Fund Lands	32
Exhibit 35: Permanent University Fund 2008 Values and Taxes Paid	32
Chapter 7: Focus on City Taxes	33
Exhibit 36: Top Ten Cities in Tax Levy, 2008	33
Exhibit 37: Dollar Value of City Properties by Category, 2007-08	34
Exhibit 38: Number and Value Lost to Exemptions Granted by Texas Cities, 2008 ...	35
Chapter 8: Focus on Special-Purpose District Taxes	37
Exhibit 39: Top Ten Special Purpose Districts in Tax Levy, 2008	38
Endnotes	38



CHAPTER 1

Focus on Local Taxes Statewide

Texas is one of 13 states in the United States with no state property tax; however, it relies heavily on its locally administered property tax to fund its local units of government. The state ranks third in the country in its reliance on the property tax to fund government services.¹

In addition to the property tax, the Texas Constitution and Legislature empower local governments to impose, levy and collect other taxes and fees so they may effectively carry out their responsibilities to provide schools, roads, hospitals, fire departments, police protection and other services. 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. These jurisdictions supplement their operations from a number of other revenue sources, including sales taxes, franchise and user fees and court costs and fines.

The local property tax is the largest tax assessed in Texas. Statewide, property taxes levied by local governmental entities exceeded \$38.9 billion in 2008, the most recent year for which the Comptroller of Public Accounts has reported data (Exhibit 1).

EXHIBIT 1 Tax Revenue in Texas by Source, 2008

Type of Tax	Tax Amount	Percent of Total Tax
Property Tax ²	\$38,979,969,545	45.2%
State Sales Tax ³	\$21,604,090,350	25.0%
Local Sales Taxes	\$5,915,939,204	6.9%
Other State Taxes	\$19,753,838,603	22.9%
Total Taxes	\$86,253,837,702	100%

Source: Texas Comptroller of Public Accounts.

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 2008, combined sales tax collections totaled \$27.5 billion, or 31.9 percent of all taxes collected in Texas. The bulk of that amount, \$21.6 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 \$19.8 billion (22.9 percent). Local governments collect 52.1 percent of all taxes in the state, while state government takes in 47.9 percent.

Local Property Tax

The Texas Constitution authorizes local governments to adopt a property tax in order to provide public services. The constitution sets out five basic rules for property taxes.

The first requirement is that property taxes must be equal and uniform.⁴ No single property or type of property should be taxed at more than its fair share. 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.

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.⁵ 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.⁶ 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 created county appraisal districts (CADs) in each county to try and 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.⁷ Finally, property owners have a right to reasonable notice of increases in the appraised value of their property.⁸

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 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 and Values

In tax year 2008, Texas' local taxing units levied nearly \$39 billion in property taxes, 11 percent more than in 2007 (Exhibit 2).

Unlike other local governments, which can also collect sales taxes and fees, school districts' only source of tax revenue is the property tax. In 2008, the state's 1,025 school districts levied \$21.2 billion in property taxes, or 54.5 percent of all property taxes levied in the state (Exhibit 3).

Cities collected the second-largest share of the property tax in 2008 — \$6.5 billion, an increase of 9.5 percent more than the 2007 levy. Counties followed closely behind with a property tax levy of \$6.3 billion, 8.7 percent more than in 2007. The levy of special-purpose districts rose by 9.7 percent from 2007 to 2008, to almost \$5 billion.

In the last 20 years, property taxes have grown at an annual compounded rate of 6.4 percent, or by 245.8 percent from 1989 to 2008 (Exhibit 4).

During the same 20-year period, special purpose districts saw the highest rate of increase in property tax collections, with an average annual increase of 7 percent. Counties followed closely behind with an increase of 6.8 percent, school districts experienced annual compounded rates of 6.5 percent and cities had the lowest annual growth rate at 5.5 percent.

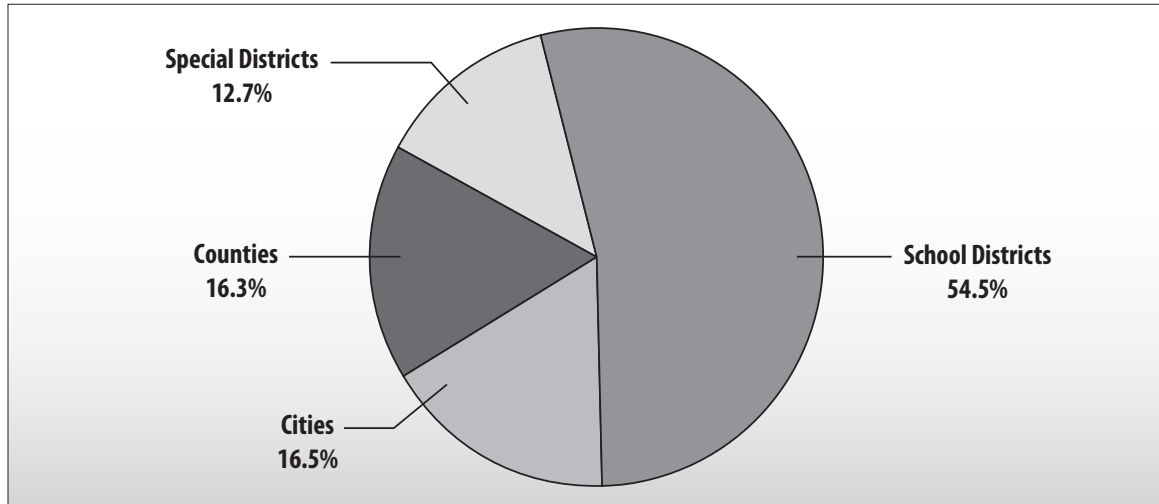
EXHIBIT 2 Property Taxes Reported by Unit Type, 2007 vs. 2008

Unit Type	2007 Number of Units	2007 Tax Levy	2007 Percent of Levy	2008 Number of Units	2008 Tax Levy	2008 Percent of Levy	Percent Levy Change from 2007 to 2008
School Districts	1,026	\$18,874,239,532	53.8%	1,025	\$21,233,517,226	54.5%	12.5%
Cities	1,047	\$5,890,306,731	16.8%	1,054	\$6,451,012,447	16.5%	9.5%
Counties	254	\$5,836,989,949	16.6%	254	\$6,342,704,903	16.3%	8.7%
Special Districts	1,467	\$4,513,060,409	12.8%	1,609	\$4,952,734,969	12.7%	9.7%
Total	3,794	\$35,114,596,621	100%	3,942	\$38,979,969,545	100%	11.0%

Source: Texas Comptroller of Public Accounts.



EXHIBIT 3
Local Governments' Share of Property Tax



Source: Texas Comptroller of Public Accounts.

EXHIBIT 4
Growth of the Property Tax by Unit Type, 1989-2008

Tax Year	Special Purpose District Levy	County Levy	City Levy	School Levy	Total Levy
1989	\$1,284,165,144	\$1,715,691,860	\$2,200,415,156	\$6,072,227,279	\$11,272,499,439
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
Average Annual Increase	7.0%	6.8%	5.5%	6.5%	6.4%

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 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 proposed tax rate or to roll back the tax.

According to the Web site <http://www.texasisd.com/>, in 2008, 116 school districts exceeded the rollback rate, compared with 121 in 2007. Voters in 46 school districts rejected the tax rate proposed by the school board and in 70 elections voters ratified the board's proposed rate (**Exhibit 5**).

EXHIBIT 5 2008 School District Rollback Election Results

School District ⁹	Election Results ¹⁰	Board Approved M&O Tax Rate	For	Against
Agua Dulce	Passed	\$1.17	51	25
Alief	Passed	\$1.12	1,390	1,204
Alpine	Passed	\$1.17	382	216
Alvord	Passed	\$1.17	724	411
Amarillo	Passed	\$1.08	1,970	1,665
Andrews	Passed	\$1.06	476	59
Anson	Failed	\$1.17	485	702
Austin	Passed	\$1.07	123,972	86,178
Avalon	Passed	\$1.17	49	11
Avery	Failed	\$1.17	224	275
Barber's Hill	Passed	\$1.06	232	14
Beeville	Failed	\$1.10	1,136	1,544
Bellville	Failed	\$1.17	1,711	2,129
Belton	Passed	\$1.17	869	421
Booker	Passed	\$1.12	59	32
Broadus	Failed	\$1.17	399	512
Brownfield	Passed	\$1.17	356	133
Brownsboro	Failed	\$1.17	233	457
Bynum	Passed	\$1.13	49	33
Cedar Hill	Failed	\$1.17	385	1,094
Celeste	Failed	\$1.17	428	616
Chapel Hill	Passed	\$1.17	135	14
Christoval	Passed	\$1.17	326	196
City View	Failed	\$1.17	743	854
Collinsville	Passed	\$1.17	131	71
Como-Pickton	Failed	\$1.17	401	430
Corpus Christi	Passed	\$1.06	18,752	16,464


EXHIBIT 5
2008 School District Rollback Election Results (continued)

School District ⁹	Election Results ¹⁰	Board Approved M&O Tax Rate	For	Against
Crawford	Failed	\$1.17	535	550
Crowley	Failed	\$1.17	790	1,021
Cumby	Failed	\$1.17	245	328
Damon	Passed	\$1.17	147	146
Denison	Passed	\$1.17	1,003	557
Duncanville	Failed	\$1.17	1,638	2,316
East Bernard	Passed	\$1.17	920	753
Edcouch-Elsa	Failed	\$1.17	653	4,200
Etoile	Passed	\$1.17	84	10
Frost	Passed	\$1.17	163	129
Gladewater	Failed	\$1.17	513	796
Greenville	Failed	\$1.10	335	883
Greenwood	Passed	\$1.17	236	166
Gregory-Portland	Passed	\$1.17	877	450
Harlandale	Passed	\$1.17	8,867	4,873
Hico	Passed	\$1.17	93	24
Hidalgo	Failed	\$1.12	625	1,077
Holliday	Failed	\$1.17	138	297
Howe	Failed	\$1.17	154	198
Huckabay	Failed	\$1.17	8	24
Hull Daisetta	Passed	\$1.17	392	348
Humble	Passed	\$1.17	5,123	2,745
Huntington	Passed	\$1.17	925	432
Huntsville	Failed	\$1.17	605	1,536
Iowa Park	Failed	\$1.17	1,694	2,319
Italy	Passed	\$1.17	259	62
Joshua	Passed	\$1.17	459	125
Kennedale	Passed	\$1.17	376	367
Lake Dallas	Passed	\$1.17	418	80
Lake Worth	Passed	\$1.17	163	105
Lamesa	Passed	\$1.17	268	194
LaVega	Failed	\$1.17	502	707
Liberty-Eylau	Passed	\$1.17	407	171
Lindale	Passed	\$1.06	549	288
Lipan	Passed	\$1.17	125	71
Luling	Passed	\$1.04	130	97



EXHIBIT 5
2008 School District Rollback Election Results (continued)

School District ⁹	Election Results ¹⁰	Board Approved M&O Tax Rate	For	Against
Lyford	Failed	\$1.17	4	11
Lytle	Failed	\$1.17	289	299
Marathon	Passed	\$1.17	46	30
Marion	Passed	\$1.08	1,827	938
Mason	Passed	\$1.14	173	22
Meadow	Passed	\$1.17	124	78
Miles	Passed	\$1.17	304	218
Miller Grove	Passed	\$1.17	213	186
Mission CISD	Failed	\$1.17	1,227	2,299
New Boston	Passed	\$1.17	332	91
North Forest	Failed	\$1.17	200	800
Olfen	Passed	\$1.17	29	5
Palmer	Passed	\$1.17	284	170
Panther Creek	Failed	\$1.17	249	253
Petrolia	Failed	\$1.17	161	276
Pettus	Failed	\$1.12	185	235
Pilot Point	Passed	\$1.17	314	309
Pine Tree	Passed	\$1.17	4,644	2,635
Pleasant Grove	Passed	\$1.09	381	172
Prairieland	Failed	\$1.17	130	194
Premont	Failed	\$1.17	489	704
Red Oak	Passed	\$1.17	713	96
Riesel	Failed	\$1.17	354	468
Rising Star	Passed	\$1.17	56	7
Roma	Passed	\$1.17	567	357
Roosevelt	Passed	\$1.06	706	606
S&S Consolidated	Failed	\$1.17	223	257
San Augustine	Failed	\$1.17	601	811
Santa Maria	Failed	\$1.17	22	23
Santa Rosa	Failed	\$1.17	52	79
Schulenburg	Failed	\$1.17	740	1,296
Sherman	Failed	\$1.17	867	1,419
Simms	Failed	\$1.17	442	837
Skidmore-Tynan	Passed	\$1.10	218	120
Slaton	Passed	\$1.17	946	850
Taft	Passed	\$1.17	235	86



EXHIBIT 5 2008 School District Rollback Election Results (continued)

School District ⁹	Election Results ¹⁰	Board Approved M&O Tax Rate	For	Against
Tahoka	Failed	\$1.17	452	544
Tarkington	Failed	\$1.12	149	299
Texarkana	Passed	\$1.17	515	202
Timpson	Passed	\$1.17	498	487
Trent	Passed	\$1.17	136	95
Uvalde	Failed	\$1.17	211	567
Van	Passed	\$1.17	442	364
Van Alstyne	Passed	\$1.12	566	396
Water Valley	Failed	\$1.17	255	282
Wellman-Union	Passed	\$1.12	105	43
Westwood	Failed	\$1.17	135	210
White Oak	Passed	\$1.17	159	131
Whitharral	Passed	\$1.17	98	36
Wilson	Passed	\$1.17	150	62
Windthorst	Passed	\$1.17	448	236
Winnsboro	Passed	\$1.17	557	178
Wylie (Collin Co)	Passed	\$1.17	8,799	8,174

Source: TexasSD.com, December 2008

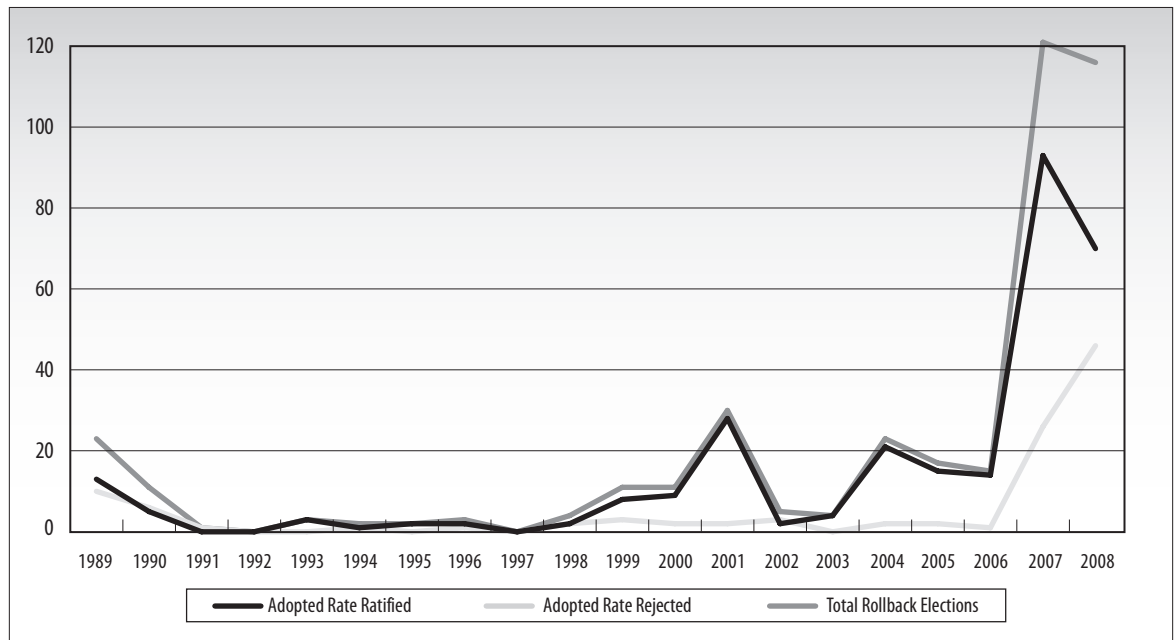
A school district that adopts a tax rate above the rollback rate must hold a rollback election between 30 and 90 days after its board of trustees adopts the rate. The school district's election differs from that of other taxing units in that the school district must ask voters to ratify the school district's 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.

After reaching an all time high in 2007, the number of school rollback elections dropped only slightly in 2008. School districts continue to trigger four times as many elections as in 2001, which saw 30 elections. The 46 school district tax rates rejected by voters represent the highest number in the last 20 years (**Exhibit 6**).

Appraisal districts reported no counties held rollback elections, and only one city had an election. Residents in the city of Castroville (Medina County) rejected the city council's bid to raise taxes above the rollback rate.



EXHIBIT 6 History of School District Rollback Elections, 1989-2008



Source: Texas Comptroller of Public Accounts.



CHAPTER 2

Focus on Appraisal Districts: Operations

Before the Legislature created appraisal districts in 1981, thousands of governmental taxing entities appraised property and assessed 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, the Comptroller's Property Tax Assistance Division (PTAD) surveys the state's 253 CADs for information about their operations.¹¹ The CADs provide these historical data for the prior tax year and projected data based on budgets and plans for the current tax year.

The differences in responses reported in the PTAD's annual survey reflect the CADs' diversity. 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 appraisal practices (MAP) reviews. CADs use the information to compare their operations with those of other CADs.

The complete survey data are available on the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/annual08/2008-09_operations_survey_raw_data.xls. Following are highlights of the information contained in the surveys.

CAD Governance

A board of directors selected by the taxing units within the county governs each CAD. The directors hire the chief appraiser, establish the CAD's goals and policies, appoint ARB members and approve agricultural advisory board members.¹²

Tax Code Section 6.03 requires that if a taxing unit does not appoint the county tax assessor-collector to the CAD board, the county assessor-collector serves as a non-voting CAD director. If a county tax assessor-collector serves as the CAD's chief appraiser, however, or if the county commissioners court contracts with another taxing unit to collect county taxes, the county tax assessor-collector is ineligible to serve on the CAD board.

Most board members are citizen appointees of the taxing units in the CAD, but 689, or about half of all directors, are taxing unit officials, including county tax assessor-collectors, school board members, county judges, county commissioners, city council members and other elected officials. They represent the interests of the respective taxing units that appoint and elect them. The number of taxing unit officials on CAD boards declined by 103, or 13 percent, from the total of 792 elected officials who served in 2007.

To protect against errors and omissions by board members, 194 CADs purchase liability insurance; 58 do not purchase this insurance protection. Two hundred three CADs reported that they retain legal counsel to advise the board on legal issues that may arise from CAD operations while 32 do not have legal counsel on retainer.¹³ Thirty one law firms represent CADs, with five law firms representing 174 CADs, or 85.7 percent (**Exhibit 7**).



EXHIBIT 7 Top 5 Law Firms Representing CADs, 2008

Law Firm	Number of CADs Represented
Perdue, Brandon, Fielder, Collins & Mott	82
Hargrove & Evans	31
McCreary, Veselka, Bragg, & Allen	23
Peter Low	21
Linebarger, Goggan, Blair & Sampson, LLP	17
Total	174
Percent of CADs with Attorney Representation	85.7%

Source: Texas Comptroller of Public Accounts, 2008-09 Appraisal Districts Operations Survey.

Agricultural Advisory Boards

Tax Code Section 6.12 requires the chief appraiser, with the advice and consent of the CAD's board, to appoint three or more members to an agricultural appraisal advisory board (Ag board). The Ag board advises the chief appraiser on the appraisal and use of land designated for agricultural, open space or timberland appraisal.

In 2008, 189 of the state's 253 CADs reported having Ag boards with a total of 787 members. The average Ag board has four members. Fifty CADs indicated they do not have an Ag board

CAD Operations

CAD Budgets

Local taxing units pay CAD expenses according to their share of the total property tax levy of all the taxing units in the CAD. Tax Code Section 6.06 permits taxing units served by a CAD to veto the CAD's budget, but only three taxing units did so in 2008.

Final 2008 CAD operating expenses totaled \$351 million, or a reported mean average of \$27.81 per parcel appraised. The average 2008 CAD operating budget exceeded \$1.4 million, 7.6 percent more than in 2007. CADs approved budgets for 2009 totaling \$374.5 million, an increase of 6.7 percent.

The top 10 CADs account for 46.7 percent — or nearly half — of all CAD budgets in the state (Exhibit 8).

EXHIBIT 8 Top 10 CAD Proposed Budgets, 2009

CAD	2009 Adopted Budget
Harris County	\$63,389,143
Dallas County	\$21,380,063
Tarrant County	\$19,003,352
Bexar County	\$14,278,245
El Paso County	\$12,242,388
Travis County	\$11,856,540
Collin County	\$10,551,600
Denton County	\$9,563,783
Williamson County	\$6,493,537
Nueces County	\$6,038,419
Total Top 10 Budgets	\$174,797,070
Total CAD Budgets Statewide	\$374,539,001
Percent Top 10 Budget of Total Budgets	46.7%

Source: Texas Comptroller of Public Accounts, 2008-09 Appraisal Districts Operations Survey.

Grouping the CADs by account sizes shows the variance in costs per account (Exhibit 9).

EXHIBIT 9 2008 CAD Spending by Size

Number of Accounts	Number of CADs ¹⁴	Average 2008 Expenses	Average Cost Per Account
Below 5,000	4	\$109,288	\$17.66
5,000 to 9,999	26	\$148,375	\$19.84
10,000 to 14,999	24	\$183,308	\$16.09
15,000 to 19,999	23	\$288,495	\$16.19
20,000 to 24,999	16	\$422,497	\$19.12
25,000 to 34,999	33	\$519,472	\$27.28
35,000 to 49,999	34	\$780,128	\$17.13
50,000 to 74,999	26	\$960,619	\$16.24
75,000 to 149,999	26	\$1,596,226	\$15.78
150,000 to 300,000	15	\$3,287,208	\$18.39
More than 300,000	10	\$15,948,371	\$26.40

Source: Texas Comptroller of Public Accounts, 2008-09 Appraisal Districts Operations Survey.



CADs indicated they had accumulated \$22.9 million in surplus funds, 27.8 percent less than in 2007. The decline was largely due to a decrease in the Harris CAD fund balance from \$11.1 million to less than \$1 million. **Exhibit 10** lists the 10 CADs with the largest surpluses in 2008.

EXHIBIT 10 CADs with 10 Largest Surpluses, 2008

CAD	2007 Surplus	2008 Surplus	Increase/ (Decrease)
Tarrant County Appraisal District	\$3,598,951	\$3,085,794	(\$513,157)
Fort Bend County Appraisal District	\$434,425	\$2,033,356	\$1,598,931
Jefferson County Appraisal District	\$1,933,116	\$1,598,773	(\$334,343)
Travis County Appraisal District	\$722,980	\$1,444,652	\$721,672
Webb County Appraisal District	\$700,000	\$782,041	\$82,041
El Paso County Appraisal District	\$726,501	\$691,404	(\$35,097)
Harris County Appraisal District	\$11,188,626	\$647,725	(\$10,540,901)
Brazos County Appraisal District	\$600,000	\$600,000	\$0
Hood County Appraisal District	\$497,000	\$585,000	\$88,000
Collin County Appraisal District	\$0	\$581,952	\$581,952

Source: Texas Comptroller of Public Accounts, 2008-09 Appraisal Districts Operations Survey.

Most CADs enter into contracts with third-party vendors to provide appraisal services for complex properties such as mineral reserves and utilities. In 2008, 226 CADs had these contracts at a cost of slightly more than \$17 million, or an average of \$75,421 per CAD.

Nearly all CADs (245) included a budget line item for staff training. Statewide training budgets totaled slightly less than \$3 million, or an average of \$12,046 per CAD.

CAD Staff

Chief appraisers oversee CAD staff and operations. Employment arrangements within the CADs vary with CAD size and workload. The largest CADs commonly have as many as 200 staff members, while a small CAD may employ only part-time appraisers or contract for appraisal work.

One hundred eighty-two CADs reported that the chief appraiser performs appraisals; 52 said that he or she did not; and 21 did not respond to this question. On average, chief appraisers earned \$60,200 annually, ranging from a low of \$6,600 in Hardeman CAD to a high of \$171,385 in Harris CAD. **Exhibit 11** lists the top 10 chief appraiser salaries.

EXHIBIT 11 Top 10 Chief Appraiser Salaries, 2008

CAD	Chief Appraiser Salary
Harris County Appraisal District	\$171,385
Dallas County Appraisal District	\$168,935
Bexar County Appraisal District	\$145,600
El Paso County Appraisal District	\$135,700
Tarrant County Appraisal District	\$135,000
Collin County Appraisal District	\$132,500
Smith County Appraisal District	\$132,000
Denton County Appraisal District	\$131,122
Williamson County Appraisal District	\$126,000
Jefferson County Appraisal District	\$122,294

Source: Texas Comptroller of Public Accounts, 2008-09 Appraisal Districts Operations Survey.

Fifty-one chief appraisers also received pay as tax assessor-collectors. Most CADs (237) provide the chief appraiser retirement benefits and 225 provide them medical insurance. Two hundred five CADs provide the chief appraiser with liability insurance coverage.

Full-time CAD employees numbered 4,392 in 2008, with 850 holding supervisory positions and another 315 involved in collection activities. The CADs employed 1,761 professional appraisers, representing 40.1 percent of all full-time CAD employees. Salaries for CAD appraisers in 2008 ranged from



an average of \$28,598 to \$45,877. CADs employed 74 computer programmers, paying them average amounts ranging from \$47,133 to \$62,401.

Appraisers must be registered with the Board of Tax Professional Examiners (BTPE) 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.¹⁵ Texas CADs reported that 2,196 of their employees have certifications issued by BTPE. Statewide, 1,296 appraisers have obtained the RPA designation; 249 are registered Texas assessor-collectors; 126 are registered Texas tax collectors; and 86 individuals have all three designations.

In 2008, some 215 CADs provided staff with medical insurance and 228 provided retirement benefits.

CAD Appraisal Work

In 2008, Texas CADs appraised more than 17 million pieces of property valued at more than \$1.9 trillion, an increase from 2007, when appraised property totaled \$1.7 trillion.

Exhibit 12 highlights the appraisal district workload for the 25-year period from 1984 through 2008.

A parcel is any item of real property, regardless of size, that has a single owner or multiple owners in undivided ownership and for which there is a separate appraisal record.

Reappraisal

State law requires CADs to re-appraise property in their jurisdiction at least once every three years. Many re-appraise property every year. For the 2008 tax year, CADs re-appraised 61.5 percent of parcels not appraised by contractors. CADs re-appraised 61.2 percent of such parcels in 2007 and plan to re-appraise 67 percent in 2009. The CADs also plan to re-appraise 92.2 percent of contracted parcels in 2009, and re-appraised 91.1 and 90.6 percent in 2007 and 2008, respectively. This data reflects the mean average of the data reported by the CADs

One hundred eighty-one CADs conducted ratio studies in 2008, while 20 did not. Fifty-two CADs did not provide information on this subject.

EXHIBIT 12 25-Year Review of Appraisal District Workload

Year	Taxable Parcels	Appraisal Notices Sent	ARB Hearings Scheduled
1984	12,206,774	4,629,682	151,144
1985	12,568,931	4,731,365	91,665
1986	12,803,055	4,428,225	125,246
1987	12,786,518	5,054,336	163,085
1988	12,937,341	3,977,007	170,711
1989	13,225,514	4,160,375	157,947
1990	13,139,219	7,191,615	178,124
1991	13,518,442	7,199,515	209,889
1992	13,320,845	7,465,478	196,503
1993	13,546,649	8,383,541	166,056
1994	13,723,699	7,810,313	218,538
1995	14,099,466	8,241,057	195,097
1996	14,304,085	7,654,301	189,769
1997	14,617,741	7,586,079	149,771
1998	14,847,469	8,160,120	189,622
1999	14,756,523	8,743,293	248,526
2000	15,022,588	8,420,244	234,691
2001	15,385,913	9,364,893	306,836
2002	15,618,958	9,068,428	379,325
2003	16,007,636	9,088,784	359,743
2004	16,470,682	9,161,839	421,542
2005	16,640,895	9,451,847	472,537
2006	16,744,311	9,600,405	505,951
2007	17,055,232	Not Reported	649,483
2008	16,956,870	Not Reported	723,423

Source: Texas Comptroller of Public Accounts, 2008-09 Appraisal Districts Operations Survey.

Exemptions

Tax Code Section 11.14 entitles a property owner to an exemption from taxation of tangible personal property that the owner does not use to produce income. Manufactured homes do not qualify for this exemption. A taxing unit may opt to tax property exempted by Section 11.14, however, and 433 Texas taxing units have chosen to do so. Sixty-seven cities tax leased vehicles used primarily for personal purposes.



Tax Code Section 11.261 allows a county, city or junior college district to limit taxes (also called a tax ceiling) for homeowners who are either disabled or 65 or older or both. One hundred fifty-three CADs reported that taxing entities in their jurisdiction chose to allow this limitation.

Taxing units in 110 CADs offer freeport exemptions. Taxing units in 71 CADs offer the goods-in-transit exemptions.

Certifying the Appraisal Roll

After the ARB completes protest hearings, the chief appraiser must certify the appraisal roll to the CAD’s member taxing entities so they can adopt budgets, set tax rates and prepare for the tax collection process. Tax Code Section 26.01 requires the chief appraiser to certify the appraisal roll by July 25. In 2008, 182 CADs met the statutory deadline, and 46 did not. Twenty-three did not respond to this survey question (Exhibit 13).

Assessing and Collecting

While all CADs appraise property, some have the additional duties of assessing or collecting prop-

erty taxes. In 2008, 119 CADs calculated effective and rollback tax rates for 942 local taxing units, 71 published required notices of proposed tax increases by 470 taxing units and 109 prepared and mailed tax bills for 900 taxing units.

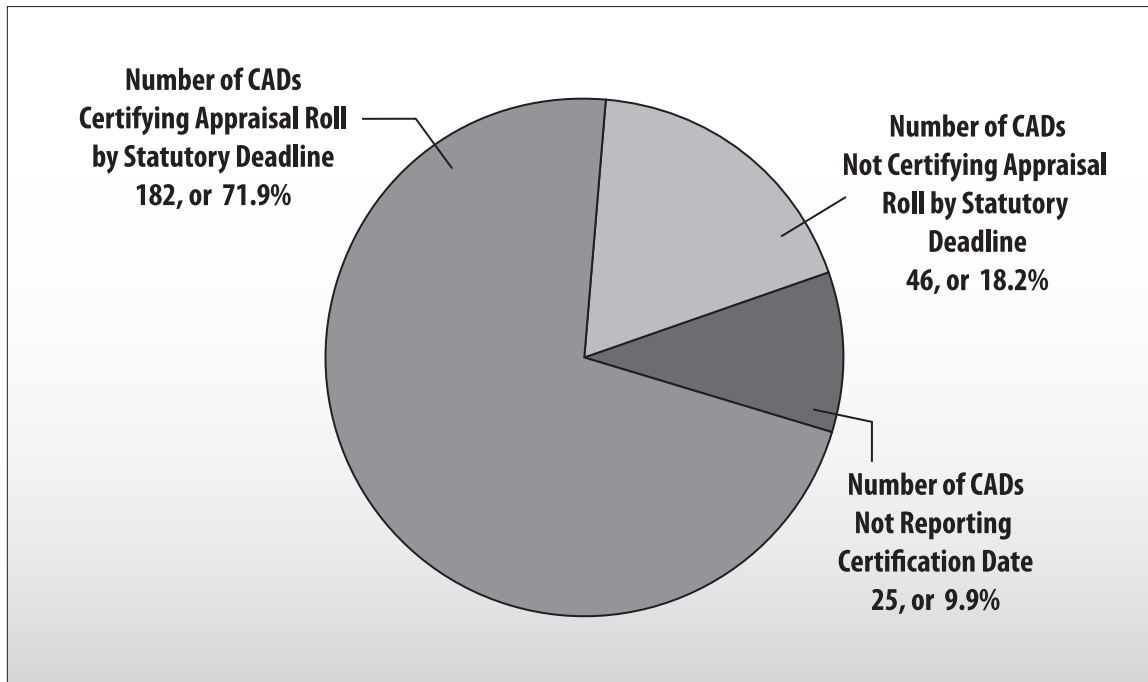
One hundred five CADs collect taxes on behalf of 998 taxing units. They budgeted \$17.7 million for collections, or an average of \$169,921 per CAD performing collections.

Facilities and Computers

Most CADs (222) operate offices under an independent board and chief appraiser. Another 13 CADs make other arrangements, such as having the tax assessor or other offices oversee CAD operations. Eighteen CADs did not respond to this question on the survey.

CADs may own property for use as office space. In 2008, 152 CADs owned office space. Twenty CADs leased office space from a private owner, 38 leased from a taxing entity and 20 enjoyed free use of office space. Twenty-three CADs did not respond to this question on the survey.

EXHIBIT 13
Compliance with Requirement to Certify Appraisal Roll



Source: Texas Comptroller of Public Accounts, 2008-09 Appraisal Districts Operations Survey.



Two hundred seven CADs reported contracts for appraisal or collections software services with 13 appraisal firms. Five firms provide services to 91.8 percent of the CADs reporting contracts (Exhibit 14).

EXHIBIT 14
Top 5 Appraisal Software Vendors, 2008

Outside Appraisal Services Firm	Number of CADs Under Contract
True Automation	87
Pritchard & Abbott Inc.	60
Southwest Data Solutions	16
Tyler Technologies	15
Capitol Appraisal Group	12
Total Top Five	190
Total CADs Reporting Contracts	207
Percent Top Five of Total	91.8%

Source: Texas Comptroller of Public Accounts, 2008-09 Appraisal Districts Operations Survey.

There were 154 CADs with a geographic information system (GIS). Reporting CADs entered 74 percent of their appraisal records in the GIS. Forty-seven CADs had entered all their records into GIS, while eight CADs with a GIS had not yet entered any appraisal records into the system. Seventy-four CADs reported that they did not have a GIS and 25 CADs did not answer this question on the survey.

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/.



CHAPTER 3

Focus on Appraisal Districts: Property Appraisals

In 2008, 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.¹⁶

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 2008 Property Value Study (PVS), the CADs’ median appraisal ratio for market value was 99 percent. **Exhibit 15** compares the statewide median appraisal ratios from the PVS for 1998 through 2008.

Exhibit 15 does not include figures for the following categories, because not enough sample observations were available to produce meaningful statewide median appraisal ratios:

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

EXHIBIT 15
Statewide Median Appraisal Ratios, 1998-2008 PVS

Property Category	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
A: Single-family Residences	98%	98%	98%	97%	98%	99%	99%	98%	98%	98%	98%
B: Multi-family Residences	99%	98%	98%	99%	98%	98%	98%	98%	97%	97%	99%
C: Vacant Lots	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
D: Rural Real	98%	98%	98%	98%	99%	99%	98%	99%	99%	99%	98%
F1: Commercial Real	99%	98%	97%	98%	98%	98%	97%	97%	97%	96%	97%
G: Oil, Gas, Minerals	100%	102%	103%	99%	101%	100%	100%	101%	102%	100%	100%
J: Utilities	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	99%
L1: Commercial Personal	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Overall	99%	99%	99%	99%	100%	99%	99%	99%	99%	99%	99%

Source: Texas Comptroller of Public Accounts.



The statistic the appraisal industry uses to measure appraisal uniformity is the coefficient of dispersion (COD), which measures whether appraisal districts are appraising properties at an equal percentage of market value. It does this by measuring how closely individual ratios are arrayed around the median ratio — the smaller the measure of dispersion, the greater the uniformity of the ratios.

Property assessment is more equitable when appraisers group the individual ratios more closely around the median. The International Association of Assessing Officers (IAAO) recommends levels of uniformity for various types of properties (Exhibit 16).

In 2008, the statewide COD was 9.88 for single-family residential property, 17.58 for vacant lots and 11.99 for commercial real estate. Only oil and gas properties had a COD outside the IAAO recommended standards (Exhibit 17).

The Comptroller’s office calculates the statewide COD for an individual property category by using the appraisal ratios of all sample properties in that category from across the state. The Comptroller’s office then calculates the overall statewide COD using the appraisal ratios for all sample properties.

EXHIBIT 16 Recommended Appraisal Uniformity Measured by COD

Type of property — General	Type of property — Specific	COD Range
Single-family Residential	Newer or more uniform areas	5.0 to 10.0
Single-family Residential	Older or more diverse areas	5.0 to 15.0
Other Residential	Rural, seasonal, recreational, mobile homes	5.0 to 20.0
Income-producing Properties	Larger areas represented by large samples	5.0 to 15.0
Income-producing Properties	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant Land		5.0 to 20.0
Other Real and Personal Property		Varies with local conditions

Source: International Association of Assessing Officers (IAAO), *Standard on Ratio Studies*, p. 17, 2007

EXHIBIT 17 Statewide Coefficients of Dispersion, 1998-2008 PVS

Property Category	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
A: Single-family Residences	9.68	9.23	10.05	10.68	10.33	9.48	9.57	9.83	9.44	9.78	9.88
B: Multi-family Residences	7.34	7.63	7.70	8.91	8.74	10.49	8.45	8.46	8.91	9.41	7.72
C: Vacant Lots	15.17	13.68	14.79	17.29	18.50	18.07	18.31	16.46	15.60	18.17	17.58
D: Rural Real	16.09	14.51	14.96	15.64	15.01	16.65	16.52	15.45	16.58	16.79	16.74
F1: Commercial Real	10.51	10.59	10.56	10.39	9.82	10.93	11.37	12.00	11.35	12.56	11.99
G: Oil, Gas, Minerals	7.38	20.52	7.15	31.30	11.50	10.46	9.25	9.88	21.58	17.29	27.02
J: Utilities	9.64	12.78	12.26	12.00	11.72	11.66	10.18	12.55	8.92	18.02	9.87
L1: Commercial Personal	9.24	7.52	8.19	8.32	8.44	8.21	9.16	9.48	7.96	8.30	8.79
Overall	10.86	11.79	11.53	12.26	11.49	11.38	11.29	11.24	11.61	12.08	12.65

Source: Texas Comptroller of Public Accounts.



Local Self Report Data, 2008

CADs annually submit data to PTAD in self-reports that cover critical aspects of their appraisal work. Each CAD reports total appraised value in 15 property categories developed by the Comptroller's office. These categories are defined as follows:

- *Category A, Real Property: Single-family Residential — Houses, condominiums and mobile homes located on land owned by the occupant.*
- *Category B, Real Property: Multi-family Residential — Residential structures containing two or more dwelling units whose individual units do not have separate owners. Includes apartments but not motels or hotels.*
- *Category C, Real Property: Vacant Lots and Tracts — Unimproved land parcels usually located within or adjacent to cities with no minimum or maximum size requirement.*
- *Category D, Rural Real (D1, D2 and E) — Productivity value of land qualified for special-use appraisal and the market value of unqualified rural tracts and farm and ranch improvements.*
- *Category 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.*
- *Category 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.*
- *Category 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.*
- *Category H, Tangible Personal Property: Nonbusiness Vehicles — Privately owned automobiles, motorcycles and light trucks not used to produce income.*
- *Category 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.*

- *Category L1, Personal Property: Commercial — All tangible personal property used by a commercial business to produce income, including fixtures, equipment and inventory.*
- *Category L2, Personal Property: Industrial — All tangible personal property used by an industrial business to produce income, including fixtures, equipment and inventory.*
- *Category M, Mobile Homes and Other Tangible Personal Property (M1 and M2) — 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.*
- *Category N, Intangible Personal Property — All taxable intangible property not otherwise classified.*
- *Category O, Real Property: Residential Inventory — Residential real property inventory held for sale and appraised as provided by Tax Code Section 23.12.*
- *Category 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.*

Harris CAD had the state's highest total appraised value in 2008 (**Exhibit 18**).

Harris CAD also had the state's highest value in four of eight categories (**Exhibit 19**).

The top 10 CADs are similar in most categories, but other counties such as Jefferson, Brazoria, Galveston, Chambers, Somervell, Calhoun and Rusk made the 2008 top 10 in the industrial property category. The top 10 CADs for appraisals of mineral properties did not include any of the usual top 10; they included Gaines, Yoakum, Ector, Andrews, Panola, Pecos, Johnson, Upton, Zapata and Hockley. Only 25 CADs reported vehicle



EXHIBIT 18 Top Ten Appraisal Districts in Total Value, 2008

Appraisal District	Taxable Value
Harris	\$335,261,882,376
Dallas	\$202,849,031,277
Tarrant	\$156,814,014,537
Travis	\$114,053,704,599
Bexar	\$104,833,548,891
Collin	\$76,547,368,306
Denton	\$56,351,127,248
Fort Bend	\$45,652,371,725
El Paso	\$36,801,730,789
Williamson	\$34,257,684,984

Source: Texas Comptroller of Public Accounts, Property Tax Assistance Division.

values. Bexar CAD ranked second for appraised value of mobile homes and Hidalgo, Montgomery, Bastrop and Ector counties made the top 10 list in this category. Tarrant CAD had the most value in residential inventory and utilities, at \$1.7 billion and \$9.2 billion, respectively.

Because taxing units within an appraisal district may offer different exemptions, it is inappropriate to show total taxable value for each appraisal district. An exemption is the exclusion of all or part of a property's value from property taxation. Absolute exemption excludes the total value of property from taxation; partial exemption excludes a part of the property's total value. Total taxable value is the value after reducing the appraised value for exemptions.

Full details of CAD appraisal values are available on the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/annual08/2008_appraisal_district_values.xls.

EXHIBIT 19 Top 10 Appraisal District Rankings in Various Categories, 2008

Rank	Single-family Residential	Residential Inventory	Mobile Homes	Rural Acreage	Industrial Real	Minerals	Vehicles	Utilities
1	Harris	Tarrant	Harris	Harris	Harris	Gaines	Parmer	Tarrant
2	Dallas	Collin	Bexar	Tarrant	Jefferson	Yoakum	Falls	Harris
3	Tarrant	Fort Bend	Hidalgo	Collin	Brazoria	Ector	Bailey	Dallas
4	Travis	Harris	Tarrant	Denton	Galveston	Andrews	Castro	Denton
5	Bexar	Denton	Travis	Bexar	Chambers	Panola	Sherman	Montgomery
6	Collin	Bexar	Montgomery	Williamson	Fort Bend	Pecos	Donley	Nolan
7	Denton	Travis	Ector	Parker	Somervell	Johnson	Hall	Collin
8	Fort Bend	El Paso	El Paso	Travis	Calhoun	Upton	Armstrong	Brazoria
9	Montgomery	Williamson	Dallas	Gillespie	Collin	Zapata	Baylor	Travis
10	El Paso	Galveston	Bastrop	Wise	Rusk	Hockley	Lamb	Fort Bend

Source: Texas Comptroller of Public Accounts.



CHAPTER 4

Focus on Appraisal Review Boards

Appraisal review boards (ARBs) are separate entities appointed by CAD directors to handle taxpayer protests and taxing unit challenges. Additionally, they correct clerical errors in the appraisal records, correct appraisal rolls, determine whether an exemption or a partial exemption is improperly denied and whether land is improperly appraised and take any other action or make any other determination authorized or required by the Tax Code.

While ARBs are independent of the CAD, only 14 ARBs have a separate budget. In 2008, 244 CADs appropriated \$7.6 million for ARB operations, slightly more than 2007's \$7.5 million. The average annual CAD expenditures for ARB operations are \$31,170.

The average ARB has seven members, with 1,374 ARB members reported statewide by 207 CADs. Forty-six CADs did not report information on ARB members. Two hundred thirty-seven CADs reported reimbursing ARB members for time and expenses; 13 did not. One hundred eighty-eight CADs reported reimbursing ARB members for an average of \$102 per diem to attend protest hearings.

Ten CADs indicated they provide the ARB with full-time support staff totaling 17 employees. This is down from 13 CADs in 2007. The 243 CADs that do not provide the ARB with a full-time staff assigned 542 CAD employees to assist the ARB during the protest period.

Sixty-one CADs provided in-house training to the ARB, while 149 did not. PTAD provides training to new ARB members via seminars offered at multiple sites throughout the state. One hundred fifty-two CADs said that a PTAD-produced training video would be a good alternative to the on-site training seminars. Fifty-one CADs disagreed with this idea.

One hundred seventy-four CADs provided the ARB with liability insurance, and 64 — down from 81 in 2007 — also provided the ARB with legal counsel. Fifty of the ARB law firms also represented the CAD.

Thirty-three ARBs had procedures that required property owners to file evidence with the CAD prior to their protest hearing; 172 did not have this procedure. On average, ARBs that required owners to provide the CAD their evidence before the hearing required it be done 10 days before the hearing. The CADs reported that only 40 percent of property owners complied with this procedure. More than half of the ARBs had procedures that provided for scheduling protest hearing individually for protesters (**Exhibit 20**).

On average, ARBs scheduled 342 hearings daily from May through July, with property owners waiting, on average, 18 minutes for the hearing to begin. Many smaller districts only require one day of hearings.

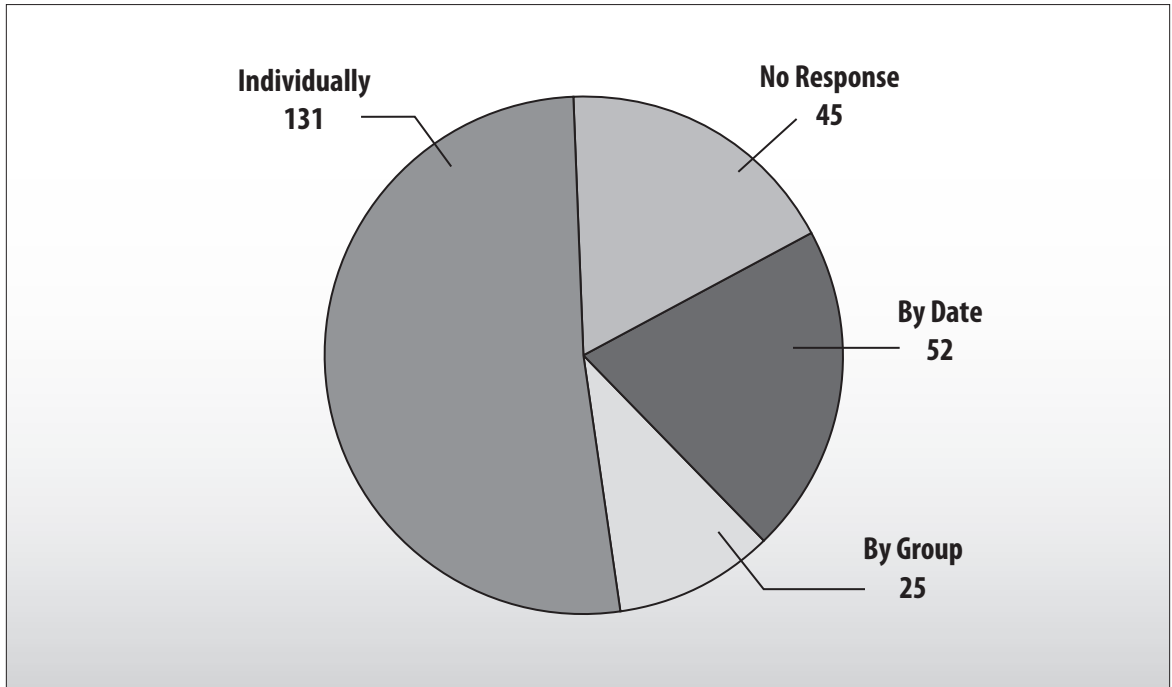
In 2008, 1.2 million notice of protest hearings were filed by taxpayers with ARBs. Three-fourths of these protests were filed in 10 CADs (**Exhibit 21**).

A little more than half, or 51.7 percent, of property owners agreed to attend an informal meeting with the CAD. Not all of these informal meetings resulted in a satisfactory value for the property owner, resulting in scheduled formal hearings for nearly two-thirds, or 63.7 percent. The property owner did not show up in nearly one-third, or 29.7 percent, of scheduled formal hearings.

Not all CADs tracked the number of protests filed to get a property value reduction or against an unequal appraisal; those that did track these types of protests reported that 849,384 asked for a property value reduction and 511,997 complained about unequal appraisals. Many protested both points.



EXHIBIT 20
Scheduling of Protest Hearings



Source: Texas Comptroller of Public Accounts, 2008-09 Appraisal District Operations Survey.

EXHIBIT 21
Number of ARB Protests Filed, 2008

CAD	Protests Filed	Informal Hearings	Percent Informal Hearing	Formal Hearing Scheduled	Percent Formal Hearings	Failed to Appear	Percent No Shows
Harris	394,180	196,395	49.8%	197,785	50.2%	61,266	31.0%
Dallas	108,329	40,557	37.4%	105,555	97.4%	12,549	11.9%
Bexar	78,089	56,168	71.9%	78,089	100.0%	67,702	86.7%
Tarrant	73,764	19,671	26.7%	52,831	71.6%	7,004	13.3%
Travis	62,165	31,476	50.6%	31,476	50.6%	7,277	23.1%
Fort Bend	54,164	48,713	89.9%	29,309	54.1%	5,451	18.6%
Collin	38,015	17,892	47.1%	38,015	100.0%	10,257	27.0%
Denton	36,837	23,590	64.0%	8,471	23.0%	4,601	54.3%
El Paso	30,471	10,893	35.7%	20,114	66.0%	5,815	28.9%
Galveston	21,067	18,495	87.8%	435	2.1%	37	8.5%
Total Top 10	897,081	463,850	51.7%	571,063	63.7%	169,410	29.7%
Total All CADs	1,189,181	645,512	54.3%	723,423	60.8%	220,109	30.4%
Percent Top 10	75.4%	71.9%		78.9%		77.0%	

Source: Texas Comptroller of Public Accounts, 2008-09 Appraisal District Operations Survey.



EXHIBIT 22

Number of Arbitration Appeals Filed, 2008

	CAD Prevailed	Property Owner Prevailed	Withdrawn	Rejected	Other ¹⁷	Total	Percent Filed in County
Harris	149	101	22	44	33	349	43.3%
Bexar	26	19	9	17	3	74	9.2%
Dallas	19	9	29	7	2	66	8.2%
Travis	13	6	29	3	5	56	6.9%
El Paso	11	5	11	3	2	32	4.0%
Tarrant	9	4	6	5	5	29	3.6%
Comal	9	4	5	1	2	21	2.6%
Fort Bend	2	4	9	1	2	18	2.2%
Montgomery	4	5	3	2	2	16	2.0%
Williamson	6	3	4		1	14	1.7%
Total Top 10 CADs	248	160	127	83	57	675	83.7%
Total Statewide	284	194	173	87	68	806	-
Top 10 Percent of Total	87.3%	82.5%	73.4%	95.4%	83.8%	83.7%	-

Source: Texas Comptroller of Public Accounts, 2008.

Arbitration

Under provisions of Tax Code Chapter 41A, property owners can appeal an ARB's decision to binding arbitration. In 2008, 806 such appeals took place in 55 counties. Nearly half, 43.3 percent, were filed in Harris County (Exhibit 22).

The top 10 counties account for 83.7 percent of arbitration appeals. In 284, or 59.4 percent, of the 478 decided appeals, arbitrators ruled in favor of the CAD and in 194, or 40.6 percent, arbitrators ruled in favor of the property owner.

A CAD is considered to have won if the arbitrator's value is closer to the ARB value. Conversely, if the arbitrator value is closer to the owner's value, the owner is said to win. While the arbitrator may rule in the CAD's favor, he or she may still award the owner a reduction; the reduction, however, is closer to the ARB value so the CAD wins. In 76 of the 284 appeals decided in favor of the CAD, the arbitrator returned the ARB's value, but in 209 decisions that were decided in favor of the CAD, the property owner still received a reduction in value.

To put it in another way, in 73.6 percent of the arbitrator rulings favoring the CAD, the owner still walked away with a reduction in value. In only 16 percent of all decisions did the property owner not receive a reduction in value.

Arbitration decisions involved a potential loss in value of \$62.7 million, but actual loss in value due to arbitration was \$27.8 million (Exhibit 23).

EXHIBIT 23

Analysis of Value Loss Due to Arbitration¹⁸

Action	Value	Percent of ARB Value
ARB Value	\$206,291,081	100%
Property Owner Value Request	\$143,567,770	69.6%
Potential Loss in Value	(\$62,723,311)	30.4%
Arbitrator's Value	\$178,519,267	86.5%
Actual reduction in Value	(\$27,771,814)	13.5%

Source: Texas Comptroller of Public Accounts, 2008.



The value of the decisions that favored the CAD was \$114.5 million or 64.1 percent and the value of decisions that favored the property owner totaled \$64 million, or 35.9 percent. Still, CADs lost \$9.4 million in value as a result of the arbitrators' decisions, while property owners realized \$18.3 million in reductions. All told, the owners received \$27.8 million in value reductions, or 13.5 percent of the initial ARB values that went to arbitration.

Appeals to District Court

In 2008, 6,890 property owners appealed ARB decisions to district court involving \$82.2 billion in appraised value. Nearly two-thirds of the lawsuits (63.5 percent) were filed in Harris and Dallas counties, and 93.5 percent were filed in 10 counties (Exhibit 24).

EXHIBIT 24 Top 10 Counties for Appeals to District Court of ARB Decisions

Appraisal District	Lawsuits Filed
Harris County Appraisal District	2,883
Dallas County Appraisal District	1,491
Tarrant County Appraisal District	659
Bexar County Appraisal District	489
Travis County Appraisal District	323
Collin County Appraisal District	178
Fort Bend County Appraisal District	138
Denton County Appraisal District	122
El Paso County Appraisal District	89
Williamson County Appraisal District	72
Lawsuits Filed in Top 10 CADs	6,444
Total Lawsuits Filed	6,890
Percent of Lawsuits Filed in Top 10 CADs	93.5%

Source: Texas Comptroller of Public Accounts, 2008-09 Appraisal District Operations Survey.

Harris and Dallas CADs account for 62.5 percent of the value in litigation and the top 10 CADs involved 95.2 percent of the value loss potential (Exhibit 25).

Lawsuits were filed in 93 CADs, while 160 CADs had no contested court cases over ARB decisions.

EXHIBIT 25 Property Value Involved in Lawsuits to District Court

Appraisal District	Contested Value
Harris County Appraisal District	\$28,713,887,537
Dallas County Appraisal District	\$22,666,219,000
Bexar County Appraisal District	\$7,092,229,058
Tarrant County Appraisal District	\$6,279,330,918
Travis County Appraisal District	\$4,095,624,039
Collin County Appraisal District	\$2,652,831,718
Jefferson County Appraisal District	\$2,450,282,050
Denton County Appraisal District	\$1,543,581,648
Fort Bend County Appraisal District	\$1,461,228,463
Galveston County Appraisal District	\$1,321,440,550
Total Value Top 10 Counties	\$78,276,654,981
Total Value	\$82,227,417,406
Percent Value in Top 10 Counties	95.2%

Source: Texas Comptroller of Public Accounts, 2008-09 Appraisal District Operations Survey.



CHAPTER 5

Focus on School District Taxes

Amendments made to Tax Code §6.02 by the Legislature resulted in the Comptroller’s office conducting 1,562 property value studies for school districts. Prior to this change, school districts that overlapped more than one county had the option to choose which CAD would appraise property in the school district. Most school districts chose the appraisal district that included the majority of the school district’s property. Sixteen chose to have the CAD in which the property was located appraise the property. These were referred to as split districts because their property was split between CADs. The change to Tax Code §6.02, however, limits CAD boundaries and its appraisal activities to a county’s boundary limits. CADs can now only appraise property within their boundaries, which resulted in 398 split districts. For the purposes of this report, data regarding property tax rates, levies and values are reported by school districts as a whole. Interested parties will find data of split districts included in the raw data.

Comptroller’s office does not collect information on debt service (I&S) and maintenance and operations (M&O) tax levies. The I&S and M&O tax rates reflected in **Exhibit 26** are statewide simple averages. Application of these simple averages to the statewide reported taxable values will not result in accurate I&S and M&O tax levies. A complete listing of school district taxable values, M&O rates and I&S rates, are available online at <http://www.window.state.tx.us/taxinfo/proptax/08taxrates/>.

M&O and the total tax rates declined considerably since 2005 because of the legislative mandate, but the I&S rate for school districts has increased 39.3 percent over the same period. Similarly, the total levy decreased from 2006 to 2007, but then began an upward trend in 2008. The levy for 2008 is 5.1 percent more than in 2005, the year before the Legislature limited the M&O rate. School districts reported an average adopted tax rate of \$1.21 per \$100 of appraised value in 2008, an increase of 1.9 percent from the 2007 average rate of \$1.19.

School Tax Rates

In 2005, the Legislature mandated reductions in school districts’ maintenance and operations (M&O) tax rates in 2006 and again in 2007. Because of this legislative mandate, the average tax rate decreased by 40.3 cents between 2005 and 2007. In 2008, tax rates returned to an upward trend line as indicated in **Exhibit 26**. The

While tax rates rose, they did so at a lower rate than the increase in taxable values, which increased by more than \$163.5 billion in 2008, or 10.9 percent, to \$1.7 trillion. In 2007, the school tax levy also decreased because of the lower tax rates required by the Legislature, but they also returned to an upward trend in 2008. School districts raised \$21.2 billion from local property

EXHIBIT 26
School District Tax Levies, 2005-08

Year	Average I&S Rate	Average M&O Rate	Total Reported Tax Rate	Reported Taxable Value	Total Reported Levy
2005	\$0.112912	\$1.478997	\$1.591909	\$1,204,537,308,089	\$20,194,915,813
2006	\$0.118623	\$1.332629	\$1.451252	\$1,355,215,124,865	\$20,918,122,059
2007	\$0.145630	\$1.042804	\$1.188434	\$1,505,447,475,660	\$18,874,239,532
2008	\$0.157313	\$1.052194	\$1.209507	\$1,668,932,870,502	\$21,233,517,226
Increases, 2005-2008	39.3%	(28.9%)	(24.0%)	38.6%	5.1%

Source: Texas Comptroller of Public Accounts.



EXHIBIT 27
Changes in ISD Tax Rates, 2007-08

School Districts Increasing Tax Rates

Increased Tax Rate	Number of School Districts	Percent of All School Districts
Increase of \$0.15 or more	47	4.6%
Increase of \$0.10 to \$.1499	64	6.2%
Increase of \$0.05 to \$0.0999	74	7.2%
Increase of \$0.01 to \$0.0499	222	21.7%
Total ISDs Increasing Tax Rates	407	39.7%

School Districts Keeping Same Tax Rates

Did Not Change Tax Rate	Number of School Districts	Percent of All School Districts
No Change	360	35.1%

School Districts Decreasing Tax Rates

Decreased Tax Rate	Number of School Districts	Percent of All School Districts
Decrease of \$0.01 to \$0.0499	213	20.8%
Decrease of \$0.05 to \$0.0999	33	3.2%
Decrease of \$0.10 to \$0.1499	10	1.0%
Decrease of \$0.15 or more	2	0.2%
Total ISDs Decreasing Tax Rates	258	25.2%

Source: Texas Comptroller of Public Accounts.

taxes, \$2.4 billion more than in 2007. The average school district tax levy increased by 12.5 percent.

In 2007, 98.8 percent of Texas school districts reduced local adopted tax rates; in 2008, only 25.2 percent lowered tax rates. In 2007, less than 1 percent increased their tax rate or kept it at the same rate as in 2006, but in 2008, 39.7 percent adopted a higher tax rate while 36.1 kept the same tax rate (Exhibit 27).

Exhibit 28 reflects the range of tax rates, based on \$100 of property value, which range from a low of \$0.73 per \$100 of value in Walcott ISD in Deaf Smith County, to a high of \$1.67 in Collin County's Prosper ISD.

EXHIBIT 28
Range of 2008 School District Tax Rates

Total School District Rate	Number of School Districts	Percent of All School Districts
Less than \$1	31	3.0%
More than \$1 to \$1.20	499	48.7%
More than \$1.20 to \$1.40	377	36.8%
More than \$1.41 to \$1.50	90	8.8%
More than \$1.50 to \$1.60	25	2.4%
More than \$1.60	3	0.3%
Total	1,025	100.0%

Source: Texas Comptroller of Public Accounts.

In 2008, 31 school districts adopted tax rates of less than \$1 per \$100 of assessed value, 19 fewer than in 2007. About 94.3 percent of the school districts (966) had combined rates more than \$1 to \$1.50 per \$100 of value, an increase of eight school districts. The remaining 28 districts, or 2.7 percent, had rates from more than \$1.50 to \$1.67.

The state's 2008 average M&O rate for school districts was \$1.05, while debt rates averaged \$0.16. About 22.3 percent of school districts (229) did not have a 2008 I&S rate for repaying debt obligations. Of the 796 school districts with debt rates, 60 school districts had a debt rate of more than \$0.40. Five school districts, including Celina, Melissa, Spring Hill, Anna and Prosper ISDs, had a debt rate of \$0.50, the highest of the 1,025 school districts. With an M&O rate of \$1.17, Prosper ISD continues to have the highest total tax rate at \$1.67.

Every one of the top 10 school districts in Texas has a property tax rate that is more than \$1 per \$100 of valuation (Exhibit 29).

The top five school districts remained the same. In the bottom five of the top 10, Northside ISD moved past North East ISD into sixth place; Fort Worth ISD passed Lewisville ISD into eighth place; and Arlington ISD fell from the top 10 and was replaced by Fort Bend ISD, which saw the highest tax rate increase of the top 10, with a 19.1 percent increase.



EXHIBIT 29

Top 10 School Districts in Tax Levy, 2008

School District	Taxable Value	Total Tax Rate	Reported Tax Levy
Houston ISD	\$105,423,622,269	\$1.156700	\$1,204,308,288
Dallas ISD	\$80,072,425,895	\$1.183402	\$947,578,689
Austin ISD	\$58,836,426,885	\$1.202000	\$707,213,851
Plano ISD	\$34,331,091,403	\$1.303400	\$447,932,983
Cypress-Fairbanks ISD	\$31,205,655,779	\$1.350000	\$421,333,779
Northside ISD	\$30,827,534,604	\$1.302500	\$401,524,166
North East ISD	\$27,575,211,874	\$1.402900	\$386,852,647
Fort Worth ISD	\$25,303,391,687	\$1.257000	\$318,063,633
Lewisville ISD	\$22,957,433,706	\$1.380000	\$317,632,381
Fort Bend ISD	\$22,715,292,563	\$1.270000	\$288,636,520

Source: Texas Comptroller of Public Accounts.

School Tax by Property Type

The Comptroller uses data that CADs submit electronically to group property according to type of property value.

Exhibit 30 shows school district properties grouped into three main property types: residential, acreage/lots/farm and ranch improvements and business properties.

Business properties saw the largest increase, 12.9 percent, in property value from 2007 to 2008. While residential properties still contribute the largest share of the school taxes in terms of property value, accounting for 48.6 percent of local 2008 school value, or about \$924.1 billion, it is gradually decreasing as a percentage of total value while business properties are increasing.

Commercial real estate represents the largest share of all business properties, at 14.9 percent of the total property value, or \$283 billion. Commercial personal property and oil and gas property values followed at \$122.5 and \$121.1 billion, respectively, each accounting for 6.4 percent of the total value. Industrial personal and real property followed at \$95 and \$91.8 billion each, respectively; apartments at \$84.9, or 4.5 percent; utilities at \$47.1 billion, 2.5 percent; and residential inventory at \$10 billion, or 0.5 percent.

Vacant lots and rural acreage accounted for 6.2 percent of school property value, with about \$118.9 billion in property value. Vacant lots accounted for \$42.9 billion and rural acreage and improvements for the balance of \$76 billion.

Property Value Trends

For tax year 2008, taxable local values rose in 977 school districts, with an average increase of 15.9 percent. By contrast, 926 school districts experienced an average increase in value of more than 11.8 percent in tax year 2007. Values declined in 48 districts by an average of 4.2 percent in 2008. In the 2007 tax year, values declined by an average of more than 5.9 percent in 100 school districts.

Property values of single-family residences, before exemptions, rose by 8.4 percent in 2008, following increases of more than 11.6 percent in 2007 and 10.3 percent in 2006. This category is the largest in appraised value, representing 48.3 percent of all school district appraised values.

Multi-family residence values rose by almost 10.6 percent in 2008, following a 13.4 percent increase in 2007.

Commercial real property increased 12.7 percent in 2008, following an increase of 14.5 percent in 2007. Industrial real property appraised values rose by 6.9 percent, following a 10.9 percent increase in 2007.



EXHIBIT 30 School Property Tax Values by Property Category, 2007-08

Residential

Property Category	2007 School Appraised Values	Percent of Total	2008 School Appraised Values	Percent of Total	Percent Change 2007 to 2008
Single-family Residential	\$846,867,140,486	49.2%	\$918,396,429,743	48.3%	8.4%
Mobile Homes	\$5,623,492,204	0.3%	\$5,738,507,297	0.3%	2.0%
Total Residential	\$852,490,632,690	49.5%	\$924,134,937,040	48.6%	8.4%

Acreage/Lots

Property Category	2007 School Appraised Values	Percent of Total	2008 School Appraised Values	Percent of Total	Percent Change 2007 to 2008
Vacant Lots	\$37,831,350,196	2.2%	\$42,852,089,257	2.3%	13.3%
Rural Land and Improvements	\$70,270,053,648	4.1%	\$76,010,658,470	4.0%	8.2%
Total Acreage Lots	\$108,101,403,844.00	6.3%	\$118,862,747,727.00	6.2%	10.0%

Business Properties

Property Category	2007 School Appraised Values	Percent of Total	2008 School Appraised Values	Percent of Total	Percent Change 2007 to 2008
Commercial Real Estate	\$251,123,759,490	14.6%	\$282,974,430,757	14.9%	12.7%
Commercial Personal	\$111,147,718,494	6.5%	\$122,495,483,861	6.4%	10.2%
Multi-family Residential	\$76,765,812,366	4.5%	\$84,904,324,066	4.5%	10.6%
Industrial Real Estate	\$85,939,853,314	5.0%	\$91,827,807,497	4.8%	6.9%
Industrial Personal	\$82,831,198,842	4.8%	\$94,954,890,235	5.0%	14.6%
Oil and Gas	\$95,220,532,650	5.5%	\$121,120,530,036	6.4%	27.2%
Utilities	\$44,722,839,741	2.6%	\$47,133,703,833	2.5%	5.4%
Vehicles	\$225,377,514	0.0%	\$159,514,559	0.0%	-29.2%
Special Inventory	\$4,606,641,507	0.3%	\$4,806,280,264	0.3%	4.3%
Residential Inventory	\$9,416,544,667	0.5%	\$9,993,344,736	0.5%	6.1%
Intangible Personal	\$28,820	0.0%	\$118,580	0.0%	311.5%
Total Business Properties	\$762,000,307,405.00	44.2%	\$860,370,428,424.00	45.2%	12.9%
Total All Properties	\$1,722,592,343,939.00	100%	\$1,903,368,113,191.00	100%	10.5%

Source: Texas Comptroller of Public Accounts.



Industrial personal property gained 14.6 percent in value in 2008, following a 15.5 percent increase in 2007. Commercial personal property values rose by 10.2 percent, compared with an increase of 9.1 percent in 2007.

Utilities increased in value by 5.4 percent in 2008, after an increase of 8.43 percent in 2007. Oil, gas and mineral properties rose by 27.2 percent in 2008, after an increase of 2.4 percent in 2007.

Residential inventory, which is residential property held for sale by the developer, experienced its sixth year of rising average value, increasing by almost 6.1 percent in 2008. Special inventory, which is the inventory value of motor vehicles, boats, heavy equipment and manufactured housing that dealers are required to report to appraisal districts and county tax offices, rose by 4.3 percent.

School Districts: Local Self Report Data - 2008

Tax Code Section 5.09 requires the Comptroller's annual report to include, for each school district, the total appraised value by property class, the total taxable value and the tax rate. **Exhibit 31** shows that Texas school districts had appraised values exceeding \$1.9 trillion in 2008. Their taxable value, after deducting exemptions and other deductions, was \$1.7 trillion. The combined school tax levy was more than \$21.2 billion.

PTAD develops data on total appraised value for each school district in the 15 property categories described in Chapter 3. Appraised value represents the productivity value of qualified agricultural and timberland, as well as the market value of all other property categories as of Jan. 1, 2008. Taxable value is the appraised value minus partial exemptions and other deductions.

Many school districts report little or no 2008 value in Category H: Tangible Personal Property: Nonbusiness Vehicles. Personal property not used to produce income, such as personal vehicles, is exempt from taxation unless a school district takes official action to tax it. Category M, Mobile Homes and Other Tangible Personal Property, represents the property value of other personal property.

Appraisal value deductions follow the subtotal value. These deductions include required homestead exemptions, local option exemptions value lost to the tax ceiling, value lost to the 10 percent homestead cap and other deductions.

For 2008, 218 school districts granted local option percentage homestead exemptions ranging from 1 percent to 20 percent, and 199 offered homeowners who are 65 or older or disabled a local option exemption. A homestead cap limits homestead value increases to 10 percent more than the previous year's appraised value.

School districts may grant other deductions such as freeport exemptions, pollution control exemptions, tax abatements, exemptions for solar or wind power, economic development, low-income housing and historical exemptions. Taxable value reflects the deductions for all exemptions for each ISD and for the value lost to the tax ceiling for homeowners aged 65 or older.

School district reports do not include local school taxes by special county equalization districts or for South Texas ISD, a school district that operates tuition-free magnet schools for students in a three-county area. Tax rates reported are per \$100 of property value. Full details of school district property values are available on the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/annual08/2008_school_district_values.xls.



EXHIBIT 31 Texas School Districts Total Appraised Value, 2008

Property Categories

Category	Value	Percent of Total Value
A. Single-family Residential	\$918,396,429,743	48.3%
B. Multi-family Residential	\$84,904,324,066	4.5%
C. Vacant Lots	\$42,852,089,257	2.3%
D. Rural Real	\$76,010,658,470	4.0%
F1. Commercial Real	\$282,974,430,757	14.9%
F2. Industrial Real	\$91,827,807,497	4.8%
G. Oil, Gas & Minerals	\$121,120,530,036	6.4%
H. Vehicles	\$159,514,559	0.0%
J. Utilities	\$47,133,703,833	2.5%
L1. Commercial Personal	\$122,495,483,861	6.4%
L2. Industrial Personal	\$94,954,890,235	5.0%
M. Other Personal	\$5,738,507,297	0.3%
N. Intangible Personal	\$118,580	0.0%
O. Real Property, Inventory	\$9,993,344,736	0.5%
S. Special Property	\$4,806,280,264	0.3%
Subtotal	\$1,903,368,113,191	100%

Deductions

Category	Value	Percent of Total Value
Required Homestead Exemptions	\$88,309,546,257	4.6%
Local Optional Percent Homestead Exemption	\$33,247,118,967	1.7%
Local Optional Over-65 and Disabled Exemption	\$7,065,038,077	0.4%
Other Deductions	\$35,768,547,335	1.9%
Value Lost to Tax Freeze	\$47,184,909,561	2.5%
Value Lost to 10 Percent Homestead Cap	\$22,860,082,492	1.2%
Total Exemptions	\$234,435,242,689	12.3%
Taxable Value	\$1,668,932,870,502	87.7%

Tax Levy

Category	Value
Actual Levy	\$21,233,517,226

Source: Texas Comptroller of Public Accounts, Property Tax Assistance Division.



CHAPTER 6

Focus on County Taxes

Total property values in Texas counties increased by 10.4 percent, from \$1.7 trillion to \$1.9 trillion (Exhibit 32).

EXHIBIT 32 County Property Tax Values, 2007-08

Residential

Property Category	2007 County Tax Values	Percent of Total	2008 County Tax Values	Percent of Total	Percent Change 2007- 2008
Single-family Residential	\$844,734,501,507	49.0%	\$915,934,320,603	48.1%	8.4%
Mobile Homes	\$5,623,057,934	0.3%	\$5,750,061,852	0.3%	2.3%
Total Residential	\$850,357,559,441	49.3%	\$921,684,382,455.00	48.8%	8.4%

Acresage/Lots

Property Category	2007 County Tax Values	Percent of Total	2008 County Tax Values	Percent of Total	Percent Change 2007-2008
Vacant Lots	\$37,909,327,321	2.2%	\$42,937,107,875	2.3%	13.3%
Rural Land and Improvements	\$71,769,439,568	4.2%	\$75,852,727,248	4.0%	5.7%
Total Acresage Lots	\$109,678,766,889	6.4%	\$118,789,835,123	6.2%	8.3%

Business Properties

Property Category	2007 County Tax Values	Percent of Total	2008 County Tax Values	Percent of Total	Percent Change 2007-2008
Commercial Real Estate	\$251,365,447,742	14.6%	\$282,248,069,892	14.8%	12.3%
Commercial Personal	\$112,492,813,446	6.5%	\$122,891,235,323	6.5%	9.2%
Multi-family Residential	\$76,371,348,493	4.4%	\$84,808,581,887	4.5%	11.1%
Industrial Real Estate	\$86,480,270,147	5.0%	\$92,648,947,726	4.9%	7.1%
Industrial Personal	\$84,814,091,251	4.9%	\$96,768,399,082	5.1%	14.3%
Oil and Gas	\$95,643,185,228	5.5%	\$121,360,952,729	6.4%	27.0%
Utilities	\$43,451,217,326	2.5%	\$45,832,917,428	2.4%	5.6%
Vehicles	\$166,768,888	0.0%	\$120,055,812	0.0%	-28.0%
Special Inventory	\$4,615,344,967	0.3%	\$4,694,598,055	0.2%	1.7%
Residential Inventory	\$9,365,464,322	0.5%	\$9,955,806,068	0.5%	6.3%
Intangible Personal	\$0	0.0%	\$132,117,464	0.0%	-
Total Business Properties	\$764,765,951,810	44.3%	\$861,461,681,466	45.4%	13.0%
Total All Properties	\$1,724,802,278,140	100%	\$1,905,029,420,670	100%	10.4%

Source: Texas Comptroller of Public Accounts.



EXHIBIT 33 County Tax Levy Statewide, 2007-08

Property Categories

Type of Category	2007 Appraised Value	Percent of Value	2008 Appraised Value	Percent of Value	Percent Increase from 2007
A. Single-family Residential	\$844,734,501,507	49.0%	\$915,934,320,603	48.2%	8.4%
B. Multi-family Residential	\$76,371,348,493	4.4%	\$84,808,581,887	4.5%	11.1%
C. Vacant Lots	\$37,909,327,321	2.2%	\$42,926,683,011	2.3%	13.2%
D. Rural Real	\$65,031,318,057	4.2%	\$75,883,708,382	4.0%	16.7%
F1. Commercial Real	\$251,365,447,742	14.6%	\$282,248,069,892	14.8%	12.3%
F2. Industrial Real	\$86,480,270,147	5.0%	\$92,648,947,726	4.9%	7.1%
G. Oil, Gas and Minerals	\$95,643,185,228	5.5%	\$121,360,952,729	6.4%	26.9%
H. Vehicles	\$166,768,888	0.0%	\$120,055,812	0.0%	(28.0%)
J. Utilities	\$43,451,217,326	2.5%	\$45,832,917,428	2.4%	5.5%
L1. Commercial Personal	\$112,492,813,446	6.5%	\$122,891,235,323	6.5%	9.2%
L2. Industrial Personal	\$84,814,091,251	4.9%	\$96,768,399,082	5.1%	14.1%
M. Other Personal	\$5,623,057,934	0.3%	\$5,750,061,852	0.3%	2.3%
N. Intangible Personal	\$0	0.0%	\$132,117,464	0.0%	0.0%
O. Real Property, Inventory	\$9,365,464,322	0.5%	\$9,955,806,068	0.5%	6.3%
S. Special Property	\$4,615,344,967	0.3%	\$4,694,598,055	0.3%	1.7%
Total Values	\$1,724,802,278,140	100%	\$1,901,956,455,314	100%	10.3%

Deductions

Type of Category	2007 Value	Percent of Value	2008 Value	Percent of Value	Percent Increase from 2007
Deductions — Farm-to-Market	\$35,552,836,895	2.1%	\$38,446,622,376	2.0%	8.1%
Deductions — General Fund	\$181,455,117,070	10.5%	\$198,304,947,919	10.4%	9.3%
Total Deductions	\$217,007,953,965	12.6%	\$236,751,570,295	12.4%	9.1%

County Levy

Type of Category	2007 Value	Percent of Value	2008 Value	Percent of Value	Percent Increase from 2007
General Fund Levy	\$5,532,871,078	94.8%	\$6,044,579,961	95.3%	9.3%
Farm-to-Market & Flood Control Levy	\$206,577,079	3.5%	\$216,888,863	3.4%	5%
Road and Bridge Levy	\$97,541,792	1.7%	\$81,236,079	1.3%	(16.7%)
Total County Levy	\$5,836,989,949	100%	\$6,342,704,903	100%	8.7%

Source: Texas Comptroller of Public Accounts.



As with school districts, business properties saw the biggest increase in value, 13 percent, from 2007 to 2008. Business properties also saw a slight increase as a percentage of total value, as residential properties gradually decreased. Single-family residences, however, continue to be the primary source of county property values, accounting for 48.4 percent of all county value in 2008, down 1 percent from 2007. While decreasing by a percentage point of total value in 2008 from 2007, single-family residences increased in value 8.4 percent during the same period. Oil, gas and minerals saw the highest percent increase in value, from \$95.6 billion in 2007 to \$121 billion in 2008, or 27 percent.

County Tax Levy

While county appraised values saw a 10.1 percent increase in 2008 over 2007, the overall rate of increase of total taxes was 8.7 percent (**Exhibit 33**).

The percent of deductions represents the percent of total appraised value. Deductions increased to \$236.8 billion, or 9.1 percent, in 2008 over 2007. State law requires counties to grant a \$3,000 homestead exemption for the farm-to-market roads and flood control tax. In 2008, this exemption totaled \$38.4 billion. The amount of exemption may be greater for homeowners who are aged 65 or older or disabled. One hundred ninety-sev-

en counties granted this local option exemption, which accounted for a value loss of \$61.8 billion. For 2008, 113 counties granted local-option percentage homestead exemptions ranging from 1 percent to 20 percent. This accounted for a loss of \$76 billion in value.

County Tax Rates

Each county may levy as many as three individual tax rates for funds dedicated to specific purposes as provided by the Texas Constitution. These three funds include farm-to-market roads and flood control, a general fund and a special road and bridge fund.

All 254 Texas counties impose a tax for the general fund. In 2008, that levy totaled \$6 billion. For the 2008 tax year, 120 counties reported levying the farm-to-market roads and flood control taxes, raising \$216.9 million. Sixty-eight counties levied the special road and bridge tax, raising \$81.2 million.

The largest county in terms of its tax levy is Harris County, with 2008 revenue of \$1 billion (**Exhibit 34**).

While these 10 counties represent only 3.9 percent of all counties, they collect 52.9 percent of all property taxes for counties in Texas. Jim Hogg County has the highest property tax rate in Texas

EXHIBIT 34 Top Ten Counties in Tax Levy, 2008

County	Taxable Value for County Tax Purposes	Total County Tax Rate	Reported County Tax
Harris County	\$281,358,928,249	\$0.390895	\$1,095,133,426
Travis County	\$95,692,489,983	\$0.412200	\$394,444,444
Dallas County	\$170,117,650,763	\$0.228100	\$388,038,362
Tarrant County	\$124,760,835,086	\$0.264000	\$329,368,255
Bexar County	\$97,312,377,954	\$0.326866	\$319,364,761
Fort Bend County	\$38,147,525,694	\$0.499750	\$190,736,711
Collin County	\$71,722,228,873	\$0.242500	\$173,926,405
Hidalgo County	\$27,112,169,503	\$0.590000	\$159,961,800
Williamson County	\$33,441,015,058	\$0.468324	\$156,664,266
Montgomery County	\$30,334,826,908	\$0.483800	\$146,759,893

Source: Texas Comptroller of Public Accounts.



at \$1.09 per \$100 of valuation and is the only county with a tax rate of more than \$1 per \$100 of valuation. Sutton County has the lowest tax rate at \$0.1797.

Full details of county property values are available on the Comptroller’s Web site at www.window.state.tx.us/taxinfo/proptax/annual08/2008_county_values.xls.

Permanent University Fund Lands

The Permanent University Fund (PUF) provides money for the maintenance and support of the

University of Texas, Texas A&M University and most of their branch campuses. The fund owns more than 2 million acres in 21 Texas counties. Under the provisions of Texas Constitution Article VII, Section 16(a), the state pays county taxes on this land.

In 2008, the taxable value of PUF land and minerals was \$635.6 million. The state paid \$2.4 million in county taxes on that land (**Exhibit 35**).

The state avails itself of early payment discounts offered by Andrews, Culberson, Dawson, Gaines, Martin, Pecos, Reagan and Schleicher counties.

EXHIBIT 35 Permanent University Fund 2008 Values and Taxes Paid

County	Acres	Surface Taxable Value	Royalty Taxable Value	Total Taxable Value	Total Tax Paid
Andrews	293,029.5	\$2,114,730	\$186,049,120	\$188,163,850	\$647,941.77
Cooke	166.5	11,800	100,470	112,270	505.22
Crane	65,244.8	350,060	121,185,030	121,535,090	379,894.17
Crockett	367,198.0	5,879,160	30,189,590	36,068,750	152,032.62
Culberson	46,006.7	320,220	0	320,220	2,204.71
Dawson	163.5	2,130	0	2,130	11.37
Ector	6,142.3	60,650	19,789,826	19,850,476	71,064.71
El Paso	11,322.1	856,728	0	856,728	2,933.77
Gaines	2,805.5	54,360	0	54,360	182.84
Hudspeth	493,405.0	2,220,308	0	2,220,308	14,222.05
Irion	25,353.8	595,880	648,930	1,244,810	4,790.16
Lamar	513.3	44,330	0	44,330	191.90
Loving	25,881.6	78,820	64,753,100	64,831,920	205,517.17
Martin	16,687.2	700	7,547,960	7,548,660	25,854.89
Pecos	188,316.1	1,608,460	7,628,450	9,236,910	51,726.84
Reagan	218,105.9	5,682,629	46,022,870	51,705,499	172,694.90
Schleicher	61,835.0	2,051,510	4,030,970	6,082,480	38,350.16
Terrell	61,884.0	730,212	8,130,550	8,860,762	28,735.82
Upton	86,429.5	345,670	25,685,089	26,030,759	60,417.65
Ward	80,639.4	2,361,550	53,829,140	56,190,690	376,477.64
Winkler	49,036.7	158,770	34,489,960	34,648,730	199,576.74
Totals	2,100,166.3	\$25,528,677	\$610,081,055	\$635,609,732	\$2,435,327.10
Totals	2,100,166.303	\$24,610,527	\$434,309,760	\$458,920,287	\$1,944,739.08

Source: Texas Comptroller of Public Accounts.



CHAPTER 7

Focus on City Taxes

In 2008, 1,054 Texas cities levied a property tax that generated \$6.5 billion in taxes. Appraisal districts reported \$1.1 trillion of taxable value in these cities, an increase of \$94.5 billion, or 9 percent, from 2007.

The largest city in terms of its tax levy is the city of Houston, with 2008 revenue of \$957.1 million (**Exhibit 36**).

Six of the top 10 highest taxable value cities are in the Dallas-Fort Worth Metroplex. They are the same as in 2007, except that Arlington and Plano traded places. At the other end of the spectrum is the city of Quintana in Brazoria County, with a 2008 tax levy of \$1,485.

Residential homeowners, including mobile home owners, contributed the largest portion of value to cities in 2008, with 53.7 percent of market value. This share of the total value, however, dropped from 54.4 percent in 2007 (**Exhibit 37**).

The commercial sector grew 10.2 percent, compared with the residential growth of 7.4 percent. Commercial properties represent 43.2 percent of value, up from 42.6 percent in 2007. Commercial and industrial real property represented 20.1 and 2 percent, respectively; commercial and industrial personal property represented 8.3 and 3.9 percent, respectively; apartments represented 6.2 percent; oil and gas properties represented 0.3 percent; utilities represented 1.6 percent; and inventories represented 0.8 percent.

Taxable value reflects deductions for property not taxable due to homestead exemptions, tax abatements, reinvestment zones and other exemptions. In 2008, 213 cities granted local-option percentage homestead exemptions ranging from 1 percent to 20 percent, the maximum allowed by law. **Exhibit 38** shows all deductions to property value granted by Texas cities.

In 2008, the total value lost to exemptions granted by cities was nearly \$122.2 billion.

EXHIBIT 36

Top 10 Cities in Tax Levy, 2008

City	Taxable Value	Total Tax Rate	Reported Tax Levy
Houston	\$149,840,247,403	\$0.638750	\$957,104,580
Dallas	\$85,588,834,496	\$0.747900	\$640,118,894
San Antonio	\$73,053,410,760	\$0.567140	\$414,315,114
Fort Worth	\$40,803,559,163	\$0.855000	\$348,870,430
Austin	\$73,834,596,483	\$0.401200	\$296,224,402
El Paso	\$28,835,127,305	\$0.633000	\$182,526,356
Arlington	\$18,503,682,300	\$0.648000	\$119,903,861
Plano	\$24,962,237,182	\$0.473500	\$118,196,193
Irving	\$18,559,970,819	\$0.540600	\$100,335,203
Garland	\$11,223,434,499	\$0.699600	\$78,519,148

Source: Texas Comptroller of Public Accounts.



EXHIBIT 37
Dollar Value of City Properties by Category, 2007-08

Residential

Property Category	2007 City Tax Values	Percent of Total	2008 City Tax Values	Percent of Total	Percent Change from 2007 to 2008
Single-family Residential	\$632,111,723,103	54.2%	\$679,226,591,425	53.6%	7.5%
Mobile Homes	\$1,894,622,408	0.2%	\$1,885,227,651	0.1%	-0.5%
Total Residential	\$634,006,345,511	54.4%	\$681,111,819,076	53.7%	7.4%

Acreage/Lots

Property Category	2007 City Tax Values	Percent of Total	2008 City Tax Values	Percent of Total	Percent Change from 2007 to 2008
Vacant Lots	\$24,643,589,375	2.1%	\$27,935,439,584	2.2%	13.4%
Rural Land and Improvements	\$10,160,159,388	0.9%	\$10,742,969,661	0.8%	5.7%
Total Acreage Lots	\$34,803,748,763	3.0%	\$38,678,409,245	3.1%	11.1%

Business Properties

Property Category	2007 City Tax Values	Percent of Total	2008 City Tax Values	Percent of Total	Percent Change from 2007 to 2008
Commercial Real Estate	\$226,632,023,855	19.4%	\$254,898,934,952	20.1%	12.5%
Commercial Personal	\$97,998,436,348	8.4%	\$104,960,833,676	8.3%	7.1%
Multi-family Residential	\$70,921,583,987	6.1%	\$78,338,182,763	6.2%	10.5%
Industrial Real Estate	\$22,536,489,403	1.9%	\$25,016,283,794	2.0%	11.0%
Industrial Personal	\$45,011,778,772	3.9%	\$49,718,621,493	3.9%	10.5%
Oil and Gas	\$2,909,011,217	0.2%	\$3,704,495,913	0.3%	27.3%
Utilities	\$19,969,243,882	1.7%	\$20,055,222,984	1.6%	0.4%
Vehicles	\$61,384,003	0.0%	\$51,747,817	0.0%	-15.7%
Special Inventory	\$4,043,913,546	0.3%	\$4,117,817,020	0.3%	1.8%
Residential Inventory	\$6,453,597,413	0.6%	\$6,555,944,698	0.5%	1.6%
Intangible Personal	\$0	0.0%	\$2,697,442	0.0%	-
Total Business Properties	\$496,537,462,426	42.6%	\$547,420,782,552	43.2%	10.2%
Total All Properties	\$1,165,347,556,700	100%	\$1,267,211,010,873	100%	8.7%

Source: Texas Comptroller of Public Accounts.



The Texas Constitution, Article XI Sections 4 and 5, limit the rate at which a city can levy a property tax. The Constitution caps the tax rate for cities of 5,000 or fewer at \$1.50 per \$100 of valuation. Larger cities, with populations of more than 5,000, may levy up to \$2.50 per \$100 of valuation. A home-rule city may limit this rate to less than \$2.50 per \$100 of value in its charter. Type B general-law cities may only levy a property tax of up to 25 cents per \$100 assessed valuation.

The average property tax rate in Texas cities in 2008 was \$0.492329, up from \$0.48506 in 2007. Twenty Texas cities, three more than in 2007, had tax rates of more than \$1 per \$100 of valuation. The city

of Anson in Jones County had the highest rate, at \$1.3375. Seven cities only assessed taxes for retiring debt. The Village of Bee Cave in Travis County assessed the lowest tax rate, at \$0.020000 per \$100 of value. More than half of the cities (624) had tax rates of less than 50 cents per \$100 of value.

Full details of city property values are available on the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/annual08/2008_city_values.xls. The data lists cities according to the CADs in which they are located and lists the CADs in alphabetical order. Some cities appear more than once because more than one appraisal district may appraise property for them.

EXHIBIT 38

Number and Value Lost to Exemptions Granted by Texas Cities, 2008

Type of Exemption	Number of Cities Granting Exemptions	Number of Exemptions Granted	Value Lost to Exemptions
Local Optional Over-65 Homestead Exemption (Minimum \$3,000)	685	844,058	\$31,931,346,045
Local Option Percentage Homestead Exemption (Minimum \$5,000)	213	1,658,429	\$44,235,525,355
Disabled or Deceased Veterans Exemptions	1,028	130,804	\$1,226,408,404
10 Percent Cap on Residence Homesteads	1,032	Not Reported	\$16,094,786,784
Freeport Exemptions	160	5,066	\$18,152,157,076
Pollution Control	249	1,450	\$1,879,396,712
Water Conservation Initiatives	0	0	\$0
Solar and Wind Powered Exemptions	314	Not Reported	\$250,750,982
Historical Exemptions	86	Not Reported	\$870,281,880
Property Redevelopment Tax Abatement	186	2,134	\$7,550,027,368
Total	-	-	\$122,190,680,606.00

Source: Texas Comptroller of Public Accounts.





CHAPTER 8

Focus on Special-Purpose District Taxes

Special-purpose districts (SPDs) are units of local government that provide services to specific groups of constituents. The Legislature first authorized SPDs in the form of water districts in 1904 to provide irrigation services.

Most Texas SPDs have the authority to levy taxes on personal and commercial property. Today, 1,609 SPDs assess and collect property taxes to provide services including city transit, crime control, county development and improvement, economic development and emergency services. That is an increase of 143 SPDs collecting the property tax.

The average tax rate levied by SPDs was \$0.404223 per \$100 of assessed value in 2008, a less than 1 percent increase over 2007's average of \$0.400963. Nearly half of the tax rate average is dedicated to I&S, or debt service. In 2008, SPDs dedicated an average of \$0.186986 of their taxes to debt, compared with \$0.217237 for M&O. In 2008, the Dallas County Flood Control District assessed the highest tax rate of all Texas SPDs, at \$2.835540 per \$100 of valuation with \$2.333840 dedicated to debt service. The Gillespie County Water Control and Improvement District only collects \$0.000100 per \$100 of valuation, all of which is dedicated to

M&O. Fifty-nine SPDs do not have an M&O tax, while 910 do not have one for I&S.

In 2008, these rates generated almost \$5 billion in tax revenue for SPDs. The largest SPD in terms of its tax levy was the Harris County Hospital District, with 2008 revenue of \$532.9 million (**Exhibit 39**).

Six of the top 10 SPDs are community college districts, and the other four are hospital or health-related districts. At the other end of the spectrum is North Fort Worth Water Control & Improvement District #1 in Denton County, with a 2008 tax levy of \$85.

Full details of SPD property values are available on the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/annual08/2008_spd_values.xls. The data groups the SPDs according to the appraisal districts in which they are located, and lists the appraisal districts in alphabetical order. Some SPDs appear more than once because more than one appraisal district may appraise property for them because they overlap appraisal district boundaries.



EXHIBIT 39 Top Ten Special Purpose Districts in Tax Levy, 2008

Special Purpose District Name	Taxable Value	Total Tax Rate	Tax Levy
Harris County Hospital District	\$277,535,708,485	\$0.192000	\$532,868,560
Dallas County Hospital District	\$172,095,907,964	\$0.254000	\$437,123,606
Tarrant County Hospital District	\$124,773,607,399	\$0.227897	\$284,355,308
University Health System	\$102,509,604,536	\$0.261022	\$267,572,620
Tarrant County College	\$125,450,764,675	\$0.137960	\$173,071,875
Dallas County Community College District	\$179,287,162,103	\$0.089400	\$160,282,723
Alamo Community College District	\$100,548,087,286	\$0.135855	\$136,599,604
Lone Star College System	\$113,805,334,957	\$0.110100	\$125,299,673
Houston Community College System	\$112,890,718,254	\$0.092430	\$109,859,147
Austin Community College District	\$93,405,958,368	\$0.095400	\$89,109,284

Source: Texas Comptroller of Public Accounts.

Endnotes

- ¹ Texas Taxpayers and Research Association (TTARA) Research Foundation, “Texas Property Taxes: Past & Present,” (May 2008), page 3.
- ² Property taxes are assessed and collected by local governments.
- ³ Sales taxes are collected by businesses, submitted to the Texas Comptroller and the local portion is then remitted to local governments.
- ⁴ Texas Constitution, Article 8, Sec. 1(a).
- ⁵ Texas Constitution, Article 8, Sec. 20.
- ⁶ Texas Constitution, Article 8, Sec. 18.
- ⁷ Texas Constitution, Article 8, Sec. 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.
- ⁸ Texas Constitution, Article 8, Sec. 21(c).
- ⁹ List does not include school districts that may have adopted a tax rate that is more than the rollback rate because of a disaster as allowed in Tax Code Section 26.08.
- ¹⁰ Not all results have been confirmed. Vote counts may vary as election results are finalized.
- ¹¹ Although there are 254 counties in the state, the Panhandle counties of Potter and Randall, where Amarillo is located, operate a joint appraisal district.
- ¹² Tax Code Chapter 6, Local Administration, describes the board’s duties in detail.
- ¹³ Where the number of CADs does not total 253, it means some CADs did not report on the item under discussion.
- ¹⁴ Ten CADs did not report parcel counts or average cost of parcels.
- ¹⁵ In 2009, the 81st Texas Legislature, Regular Session enacted House Bill 2447 that moved the responsibilities of BTPE to the Texas Department of Licensing and Regulation.
- ¹⁶ Tax Code Section 1.04(7).
- ¹⁷ This category includes incomplete, dismissed and pending appeals.
- ¹⁸ This chart includes only decided decisions; it does not include appeals that were dismissed, rejected, withdrawn, pending or otherwise not reaching a decision by an arbitrator.

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