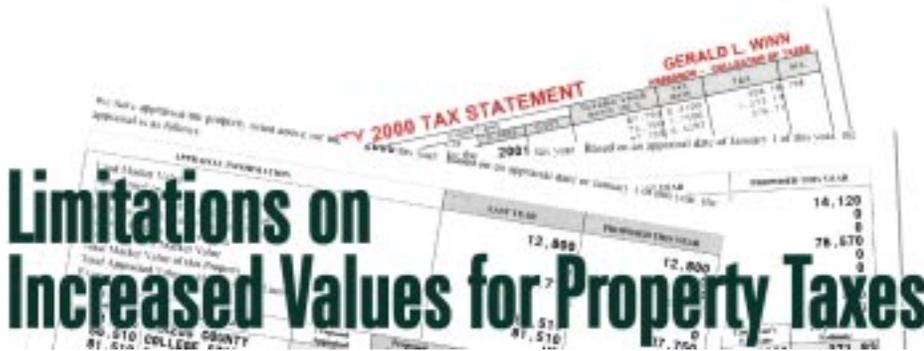


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By Judon Fambrough

Appreciation in property values is not all good news. Along with the owner's increase in net worth comes an increase in property taxes. This year, some property owners received tax notices with increases in appraised values exceeding 50 percent. Owners feel wronged because state law limits increases to 10 percent. Are they correct?

Texas Tax Code Section 23.23 is the relevant statute, but it must be read quite closely. The statute applies to residential property qualifying for the homestead exemption and restricts increases in reappraised values to a maximum of 10 percent **annually** since the year of the last reappraisal. The limitation does not ap-

ply to increases in value caused by improvements made to the property or by adding more acreage to the homestead during the same period.

Property owners tend to confuse tax appraisals with annual tax assessments and tax bills. Although current market value is the legal basis for taxation, the Property Code requires only periodic reappraisals, generally every three years. Reappraisal need not occur annually. The statutory limitation in Section 23.23 is cumulative. For example, if the homestead value increases 30 percent, all the increase can be added to the reappraised value if it has been three years since the last reappraisal.

To calculate annual tax bills, the chief appraiser sends a certified appraisal roll to the governing body of each taxing unit.

The governing body adopts a tax rate for the current year after reviewing the roll. The tax assessor assesses taxes based on, among other things, the latest **reappraised** value times the currently adopted tax rate.

Property taxes may change each year without a reappraisal because the tax rate may change. Section 23.23 addresses increases only in appraised homestead values, not increases in tax rates or tax bills nor how exemptions apply in calculating taxes.

Property owners who question whether the current reappraised tax value exceeds the Section 23.23 limitations must answer the following question: Does the current reappraised value on residential homestead property exceed the value of the previous tax reappraisal plus ten percent of that value for each year since the last reappraisal plus the value of improvements added since the last reappraisal? If it does, the statutory limitation may have been violated.

The appraisal limitation applies in the year **after** the homeowner qualifies for the homestead exemptions.

The best way to find the year of the last reappraisal is to call the local county appraisal district. ■

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