

WHAT ARE APPRAISAL DISTRICTS

Appraisal districts in Texas are responsible for estimating the monetary value of all real estate in a given county, for the purpose of assessing property taxes on each property. An appraisal district is a political subdivision, or local government, of the State of Texas. Appraisal districts share the same boundaries as counties, with one located in each county. However, an appraisal district is governed by its own board of directors, and is not part of the county government.

Relationship to Local Governments Appraisal districts work in conjunction with other local governing bodies to assess property taxes on their behalf, including school districts, cities, and counties.

Prior to 1979, each taxing authority could have its own tax office. Properties within the same area could be taxed at different values by different tax offices having overlapping jurisdiction. The system was confusing and inequitable.

The Legislature passed a new law that required each county to have a single, centralized agency to assess property taxes. For this reason appraisal districts today are still referred to as “central appraisal districts”—because they centralize the tax work of a variety of entities.

Organization and Governance Each Central Appraisal District is headed by a chief appraiser who manages staff, prepares budgets, handles applications for exemptions, and oversees the day-to-day district operations.

How Property is Valued. Each appraisal district **determines the value of all taxable property within the county boundaries. Tax Code Section 25.18 requires appraisal districts to reappraise all property in their jurisdictions** at least once every three years.

Property Tax, a division of the State Comptroller office, conducts an annual Property Value Study (PVS) for each school district for state funding purposes. **This study, an independent estimate mandated by the Texas Legislature, ensures that property values within a school district are at or near market value for equitable school funding.** The state sends more money to those districts that are less able to raise money locally because of insufficient taxable property. The Comptroller values do not directly affect local values or property taxes, which are determined locally. **However, when local values are more than 5 percent below state values, the school district could receive fewer state dollars because the funding formulas will use state values to calculate state funding.** Through a Comptroller appeals process, a school district can contest the state values. In any case, understanding the reasons for the differences in the state and local values is critical for school districts and the appraisal districts that serve them.

With few exceptions, Tax Code Section 23.01 requires appraisal districts to appraise taxable property at market value as of Jan. 1. Market value is the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- it is offered 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 need or demand of the other.