

## **I. GENERAL FAQ's**

**1. You have my mailing address shown incorrectly on my notice. How can I change it? Can you change my mailing address over the telephone?** In order to protect the interest of the property owner, it is MCAD's policy **not** to make address changes over the telephone.

Please request address changes in writing indicating the new mailing address for your property and a daytime phone number where you can be reached, in case we have any questions. Address change forms are available through the MCAD Customer Service Department and may be picked up during office hours. Our location address is 315 South 26<sup>th</sup> Street, Waco, Texas 76710. Also, an address change form can be found on the "Forms" link on this website: [www.mclennanad.org](http://www.mclennanad.org)

**2. What is meant by the word "improvement" that appears on my appraisal notice and tax bill?** *Improvement means:* A building, structure, fixture, or fence erected on or affixed to land; or transportable structure that is designed to be occupied for residential or business purposes, whether or not it is affixed to land, if the owner of the structure owns the land on which it is located, unless the structure is unoccupied and held for sale or normally is located at a particular place only temporarily.

**3. How did the McLennan County Appraisal District arrive at my value?** By utilizing comparable sales, income and/or cost data, a MCAD appraiser applied generally accepted appraisal techniques to derive a value for your property.

**4. Why am I receiving notices or statements from two counties?** Each appraisal district is restricted to the county line, and if your property is located in two or more counties then each appraisal district will be responsible for appraising a portion. A property owner must file property tax information with each appraisal district office.

**5. What is the McLennan County Appraisal District's role in the tax system?** There are three main parts to the property tax system in Texas:

- ▶ An appraisal district in each county sets the value of property each year and administers exemptions. The district values determine your share of the tax burden in comparison to other taxpayers, and is also used for determining the level of school funding from the state;
- ▶ An Appraisal Review Board settles disagreements between property owners and the appraisal district about property values and exemptions; they also make determinations on challenges initiated by taxing units;
- ▶ Local taxing units, which include the county, city, school districts, and special districts, decide how much money they will spend. This, in turn, determines the total amount of taxes that property owners must pay.

**6. Who sets the tax rates?** The governing body (such as a city council, school board, county commissioner's court, etc) of each taxing entity sets the rate for their jurisdiction. The taxing units decide what services they will provide in the coming year and how much revenue they will need to provide those services. Each taxing unit adopts a tax rate that will raise the needed tax dollars.

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### *Frequently Asked Questions*

**McLennan County Appraisal District**

**Located at: 315 South 26<sup>th</sup> Street • Waco, Texas 76710**

**Mailing Address: PO Box 2297, Waco, TX 76703-2297**

**Telephone: 254-752-9864**

**[www.mclennanad.org](http://www.mclennanad.org)**

**7. How much are my taxes?** The McLennan County Appraisal District does not levy taxes, set the tax rates or collect any tax monies. The appraisal district does not capture the amount of taxes on any property. **You may call the McLennan County Tax Office at: (254) 757-5130 for tax amount information, or go by their office located at 215 North 5<sup>th</sup> Street, Waco, Texas, 76701.**

**8. Are property taxes based on a percentage?** **No.** As required by state law, they are based on 100% of the fair market value of your property.

**9. Who sits on the Board of Directors?** The Board of Directors of the McLennan County Appraisal District is comprised of five members and one "ex officio" member who govern the operations of the appraisal district by setting policies, adopting a budget, approving contracts, etc. The County Tax Assessor/Collector, by law, serves as an ex-officio member of the Board. The remaining five members must meet eligibility requirements to be eligible to serve on the Board of Directors. The individuals must be a resident of the district and have resided in the district for at least two years immediately preceding taking office. Board members serve two-year terms beginning on January 1 of even numbered years.

**10. How is the Board of Directors chosen?** The governing bodies of all taxing units within the district select the appraisal district's directors. If the governing bodies do not select the county tax assessor-collector as a director, the county tax assessor-collector (if he or she collects the county's taxes) serves as a non-voting director.

**11. How is an appraisal district funded?** Each taxing unit located in the appraisal district pays a pro-rata share of the MCAD budget. Some appraisal districts have adopted different funding mechanisms. Most appraisal districts base each taxing unit's share on the amount of taxes levied by that unit compared to the total taxes levied by all units in the district.

**12. How are Appraisal Review Board (ARB) members appointed?** Potential candidates that wish to serve as an ARB member must submit an employment application and resume' to the Tax Liaison Officer (TLO) at the Appraisal District office. The applications are then submitted to the Local State District Administrative Judge of McLennan County. Applications of potential ARB members are reviewed and then appointed by the State District Administrative Judge. The term of office for each member selected to serve is determined solely by the State District Administrative Judge. Although the Appraisal Review Board is funded by the Appraisal District and appointed by the Local Administrative State District Judge, it is a separate authoritative body.

**13. What qualifications must an individual meet to serve on the ARB?** An individual must be a resident of the county for two or more years before taking office. No special requirements are necessary. An individual may not serve if he or she is an appraisal district director or an employee or officer of an appraisal district, tax office, or Comptroller's office. Also, an individual is ineligible to serve in counties having a population of more than 100,000 until the fourth anniversary (4<sup>th</sup>) of the date the person ceased to serve as a member or officer of a taxing unit for which the appraisal district appraises property or if the person has ever appeared before the review board for compensation. Finally, an individual cannot serve if he or she is closely related (second degree by blood or marriage) to an individual paid as a tax agent or is in the business of appraising property for tax purposes in the appraisal district.

ARB members may not contract with the appraisal district or with a taxing unit in the district. This includes the member or a business entity in which the member has a substantial interest.

**14. I don't want my information available on the web. How do I get it deleted?** The data that is being presented on this website is public record and available under laws governing the public's right to access public information. We can remove owners from the website, but cannot withhold public information requested through the public information act unless specifically allowed by law.

**15. What kinds of property are taxable?** The Texas Property Tax Code requires that all property is taxable unless the state legislature has passed laws to exempt it. Houses, mobile homes, lots,

acreage, commercial buildings, apartments, oil and gas reserves, industrials, utilities and business inventory and equipment are all taxable.

## **II. EXEMPTION FAQ'S**

### **1. What exemptions are available?**

- ✓ General Residential Homestead
- ✓ Over-Age 65
- ✓ Over-Age 55 Surviving Spouse of an Over-Age 65 Spouse
- ✓ Service-Connected Disabled Veteran
- ✓ Disabled Property Owner
- ✓ Disabled Veteran Homestead
- ✓ Surviving Spouse of First Responder Killed in the Line of Duty

Other exemption application forms for Religious use properties and Charitable use properties are available.

#### Non-resident exemptions

- Abatements,
- Freeport (also known as an exemption for goods exported from Texas),
- Historical properties,
- Pollution Control,
- Solar -Wind Powered Energy properties
- Over 65/Disabled Tax Deferral

Special Agriculture Use Valuation – This is not an exemption, but is considered to be a special valuation of property used for agriculture purposes. For details, see the Texas Comptroller's website: <https://comptroller.texas.gov/taxes/property-tax/> and go to the forms link.

**2. How do I apply for exemptions or special valuations?** Applications are available through the MCAD Customer Service Department and may be picked up between 8:00 AM and 5:00 PM, Monday through Friday. We are located at 315 South 26th Street, Waco, Texas 76710. You may have an application mailed to you by calling our Customer Service Department at (254) 752-9864. For details on each of these exemptions, see the Texas Comptroller's website and go to the forms link.

### **3. Do I apply for homestead exemptions annually?**

No, the homestead exemption does not expire after a set amount of time. A new application is required if there is a change in residence or qualification status. The Property Tax Code section 11.43 states that the Chief Appraiser **MAY** request a new application to verify your residence and that you still qualify. At this time the district is requiring that all property owners with exemptions re-apply every five years due to the amount of erroneous exemptions.

*It is the responsibility of the property owner to contact the appraisal district whenever their exemption issues may need to be updated to avoid back assessment and additional charges*

**4. What if I miss the deadline for filing for a General Homestead or an Over-Age 65 exemption?** You may file for a homestead up to two years from the date the taxes become delinquent. If you are 65 or older, you must apply for the exemption no later than one year from your 65<sup>th</sup> birthday.

**5. May I continue to receive the residence homestead exemption on my home if I temporarily move away?** If you temporarily move away from your home, you may continue to receive the exemption if:

- You do not establish a homestead residence elsewhere,
- You intend to return to the home

- You are away less than two (2) years
- If you are active in the military service or live in a facility providing services related to health, infirmity or aging,

**6. If I own only 50 percent undivided interest of the home I live in, do I qualify for the residence homestead exemption on the home? Yes.** However, if you qualify for a homestead exemption and are not the sole owner of the property to which the homestead exemption applies, the exemption you receive is based on the amount of interest you own in the property.

**7. How many acres can I claim as my homestead?** State law allows you to claim that portion of your land that you maintain for residential purposes. Typically, one acre is maintained for homestead purposes. However, you may claim up to 20 acres if the property is **not** receiving a special agricultural valuation (Open Space, 1-d-1).

**8. What is a homestead cap value?** Cap value applies to residential homesteads only. If this property is your residence homestead, the appraised value may not exceed the lesser of: the market value of the property, or the sum of:

- 10 percent of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised;
- the appraised value of the property for the last year in which the property was appraised; and the market value of all new improvements to the property.

**9. Can I claim a homestead on a mobile home if I do not own the land? Yes.** You will need to file a request for separate taxation and furnish a copy of your title on the mobile home and a *Statement of Ownership and Location* (SOL). Contact the Texas Department of Housing and Community Affairs (TDHCA) at (512) 475-2200, (Toll Free 1-800-500-7074) for further information regarding mobile home titles and SOL's, or visit their website: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

**10. I am a disabled veteran. Am I entitled to any property tax deductions?** You may qualify for a property tax exemption if you are either (1) a service-connected disabled veteran who was disabled while serving with the U.S. Armed Forces or (2) the surviving spouse or child (under 18 years of age and unmarried) of a deceased service-connected disabled veteran. You must be a Texas resident and must provide documentation from the Veteran's Administration reflecting the percentage of your service-connected disability. Your disability rating must be at least ten percent (10%) or more.

**11. What is the amount of the disabled veteran's exemption?** The disabled veteran must be a Texas resident and must choose only one property to receive the exemption. The property does not necessarily have to be the veteran's homesteaded property.

★ **IMPORTANT!** The veteran's name **MUST** appear as an owner on the property that is being claimed for this exemption.

The exemption amount that a qualified disabled veteran receives depends on the veteran's disability rating from the branch of the armed service that the veteran served in:

| Disability Rating               | Exemption Amount                 |
|---------------------------------|----------------------------------|
| At least 10% but less than 30%  | \$5,000 of the property's value  |
| At least 30% but less than 50%  | \$7,500 of the property's value  |
| At least 50% but less than 70%  | \$10,000 of the property's value |
| At least 70% but less than 100% | \$12,000 of the property's value |

If you are a Disabled Veteran with a service-connect disability of 100%, or being paid at 100% based on your unemployability, you may possibly qualify for a total exemption on your property known as a Disabled Veteran Homestead.

**12. May I file for a service-connected disabled veteran's exemption after the deadline has passed? Yes.** You may file for a service-connected disabled veteran's exemption up to five years from the date the taxes become delinquent.

Criteria: For example: if you are applying for a 2016 disabled veteran's exemption, and you owned the property you are making the application for on January 1<sup>st</sup> of the prior year (which in this case would be 2015), you may be eligible for the exemption in 2015, if the Chief Appraiser grants it. Texas property tax laws allow an exemption that is late-filed to be granted if it filed not later than one year after the filing date has passed or the delinquency date of the prior year has not passed.

**It is the responsibility of the property owner to request the exemption for the prior year as it is not automatically granted.**

**13. I am a disabled person. How do I qualify for a disabled person's exemption? You are eligible for this exemption if you are unable to engage in gainful work because of a physical or mental disability. You qualify if you receive disability benefits under the Federal Old Age, Survivors and Disability Insurance Program administered by the Social Security Administration. Disability benefits from any other program do not automatically qualify you. To prove your eligibility, you may need to provide the appraisal district with information on disability ratings or the appraisal district's form for a statement from your physician.**

**14. Is the disabled veteran's exemption the same as the disabled person's exemption? No.** To receive a *disabled veteran* exemption, you must either be a veteran who was disabled while serving with the U.S. armed forces or the surviving spouse or child (under 18 years of age and unmarried) of a disabled veteran or of a member of the Armed Forces who was killed while on active duty.

In order to qualify for a *disabled person* exemption, you must be unable to engage in gainful work because of physical or mental disability. If you receive disability benefits under the federal Old Age, Survivors and Disability Insurance Program administered by the Social Security Administration, you will qualify for the disabled person exemption.

**15. Do all homes qualify for homestead exemptions? No.** Only a homeowner's principal place of residence qualifies. To qualify, a home must meet the definition of a *Residence Homestead*. The property owner must be an individual (not a corporation or other business entity) and use the home as his or her principal place of residence on January 1 of the tax year. If you are over-age 65, the January 1 ownership and residency are not required for the year you turn 65.

**16. Is it true that once I become 65 years of age, I will not have to pay any more taxes? No.** That is an incorrect statement. The amount of the exemptions that are granted by each taxing entity is subtracted from the market value of your residence and the taxes are calculated on that "lower value". In addition, when you turn 65, your taxes for the school district in which you reside are frozen at the level established during the first year of qualification for the over-age 65 exemption. You qualify for the over-age 65 exemption in the year that you turn 65. This exemption is in addition to your general homestead exemption. If we have a Texas Driver's License or Texas ID card previously on file, the over-age 65 exemption will be automatically applied. However, you will still be required to update your exemptions every five years.

**17. Do both my spouse and I have to be over 65 years of age? No.** Only one of you needs to be 65 years of age to qualify for this exemption. Once this exemption is granted, if the qualifying spouse dies, then the exemption would remain in effect for the remaining spouse if the survivor is 55 years of age or older and has ownership of the home. The ceiling remains in effect for as long as the spouse

lives in the home. The surviving spouse needs to contact the appraisal district office in order to continue receiving the exemption.

**18. What is the over-65 tax or disabled person tax ceiling?** If you qualify for an over-age 65 exemption or a disabled person homestead exemption for school taxes, the school taxes on that home can not increase as long as you own and live in that home. The tax ceiling is the amount the owner pays in the year that he or she qualified for whichever exemption was applied for. The school taxes on that home may go below the ceiling, but the school taxes will not be more than the amount of the ceiling. If the homeowner improves the home, other than normal repairs or maintenance, the tax ceiling is adjusted for the new additions. For example, if an owner adds on a garage or game room to the house, the tax ceiling will increase by the amount of tax attributed to the new addition.

**19. Does the tax ceiling remain the same if the over-65 homeowner moves to another home?**  
**No.** The property owner that is receiving the over-age 65 exemption or the disabled person exemption may transfer the percentage of their tax ceiling to a different home in the same or another school district. The ceiling on the new home would be calculated to give the homeowner the same percentage of tax paid as the ceiling on the original home.

For example: If a homeowner currently has a tax ceiling of \$100, but would pay \$400 without the ceiling, the percentage of tax paid is 25 percent. If the homeowner moves to another home and the taxes on the new homestead would normally be \$1,000 in the first year, the new tax ceiling would be \$250 or 25 percent of \$1,000.

### **III. Agricultural-Use (Open Space 1-d-1) Appraisal FAQ's**

**1. What land qualifies for agricultural appraisal?** The Texas Constitution permits qualified open-space land to be taxed generally at productivity value instead of market value. The legal basis for this type of special valuation called "Ag Use Open Space" or "1-d-1"

*The land must have been devoted to a qualifying agricultural use for at least five (5) of the preceding seven (7) years.*

Land under agricultural production must be specifically identified and products produced clearly stated. The land shall be described legally and physically. Physical description identifies the land in categories or classifications such as dry-land, cropland, or native pasture, as well as the number of acres in production. The productive capacity of the land must be described to allow for measurement of agricultural production intensity.

If the land is located within the boundaries of a city or town, one of the following requirements must be met in addition to the normal requirements: The city must not provide the land with general services comparable to those in other parts of the city having similar features and population and/or must have been devoted principally to agricultural use continuously for the preceding five years.

*Applications must be made on an acceptable form after January 1<sup>st</sup> and before May 1<sup>st</sup> of the tax year. If May 1 falls on a weekend or holiday, the next working day is the deadline. Applications received after the deadline will be accepted until the appraisal roll is certified. If approved, all late applications will be subject to a penalty of ten percent (10%) of the difference between the amount of the tax imposed on the property at agricultural value (1-d-1) and the amount that would be imposed if the property were taxed at market value. See the Agricultural Valuation Policies Link for more details.*

Agricultural-Use applications are available through the MCAD Customer Service Department and may be picked up between 8:00 AM and 5:00 PM, Monday through Friday. Our location address is 315 South 26<sup>th</sup> Street, Waco, Texas 76710. You may have an application mailed to you by calling our Customer Service Department at (254) 752-9864. Also, the ag-use (1-d-1) application can be found on the "Forms" link on this website.

**Minimum Production Requirements for McLennan County:  
(Subject to change each year)**

| <b>CROPLAND MINIMUM REQUIREMENTS</b> |               |                            |            |                             |
|--------------------------------------|---------------|----------------------------|------------|-----------------------------|
| Type Crop:                           | Minimum Acres | Cultivation                | Yield      | Minimum Quantity to Qualify |
| Corn                                 | 20            | Annually and / or Rotation | 90.8 bu/ac | 1,815 bu                    |
| Milo/Grain Sorghum                   | 20            | Annually and / or Rotation | 51 bu/ac   | 1,000 bu                    |
| Wheat                                | 20            | Annually and / or Rotation | 50 bu/ac   | 1,000 bu                    |
| Cotton                               | 20            | Annually and / or Rotation | 646 lbs/ac | 12,920 lbs                  |
| Oats                                 | 20            | Annually and / or Rotation | 67 bu/ac   | 1,340 bu                    |

| <b>ORCHARD REQUIREMENTS – minimum acres for each (5)</b> |                    |                 |                     |   |
|--|--------------------|-----------------|---------------------|---|
| Horticulture:  | Tree Spacing:      | Tree/Acre:      | Tree Size:          | Growth Year:                            |
| Pecan  | Ultra (15 X 30)    | 96/Acre         | N/A                 | 1 <sup>st</sup> – 7 <sup>th</sup> Year  |
| Pecan  | Standard (30 X 30) | 48/Acre         | N/A                 | 1 <sup>st</sup> – 15 <sup>th</sup> Year |
| Pecan  | Thinned (42 X 42)  | 24/Acre         | 15-20 foot canopy   | 15 <sup>th</sup> – onward               |
| Fruit  | Mature - Ultra     | 50 – 200 / Acre | 8 – 10 foot canopy  | 1 <sup>st</sup> – 4 <sup>th</sup> year  |
| Fruit  | Mature - standard  | 30 – 50 / Acre  | 15 – 20 foot canopy | 5 <sup>th</sup> – onward                |

| <b>VINEYARD REQUIREMENTS – minimum acres for each (5)</b> |               |                  |
|---|---------------|------------------|
| Viticulture:  | Types of Crop | Vines Per Acre   |
| Grapes  | Table/Wine    | 605 vines / Acre |

**HAY PRODUCTION:**

The property parcel must be a large enough property that 20 - 1,500 pound rolls, 500- 60 pound bales, also known as 30,000 pounds of Dry Leaf Matter (DLM) can be produced under average conditions, annually.

Hay meadows must be kept free of nefarious, weeds, shrubs and trees. The hay must be marketable. The hay / grass **MUST** be raked and baled.

*The cutting of lawn clippings, which may be used to feed livestock is token use only and will not be considered.*

**BEEKEEPING:**

TPTC, Sec. 23.51(2) was amended by the 82<sup>nd</sup> Legislative session, and approved by the then Governor of Texas, to include in the definition of agricultural use: "...the use of land to raise or keep bees for pollination or for the production of human food or other tangible products having a commercial value, provided that the land is not less than five (5) or more than twenty (20) acres..."

## **ANIMAL UNITS**

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The McLennan County Appraisal District requires a minimum of three (3) animal units (AU) run at any given time, for the majority of the year on pasture land, to qualify for 1-d-1 agricultural appraisal.

Example: Minimum animal counts would be: 3 – 1000 lb cows, or 6 – 500 lb heifers, or 18 sheep, or 21 goats, or 3 brood-mares/stallions or breeding stock, or any combination equaling 3,000 pounds.

## **MINIMUM STANDARDS – LIVESTOCK**

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To qualify for the special agricultural valuation, the owner of agricultural land must have a sufficient number of acres to support at least 3 animal units or 3,000 pounds of animal weight. This minimum standard means, for example, that the land area must produce enough food to sustain 3 cows, weighing approximately 800-900 lbs. each with a small calf at their side, during the normal growing season with only minimal supplemental feeding.

*For more detailed and additional information for agriculture guidelines specific to McLennan County can be found on this website under the **Tax Information** tab:*

Click on: [http://www.mclennanCAD.org/index.php/Agricultural\\_Information](http://www.mclennanCAD.org/index.php/Agricultural_Information)

**2. What are rollback taxes and how are they triggered?** Under 1-d-1 Agriculture Use, a rollback is triggered by a physical change in use. Reduced intensity of use would not trigger a rollback, but ceasing all agricultural activity would. Taxes are recaptured for the five years preceding the year of change.

The rollback tax is imposed on the difference between the taxes imposed on the land for each of the five years preceding the year in which the change of use occurs and the tax based on the market value in each of those years, plus interest at an annual rate of seven percent (7%) calculated from the dates on which the differences would have become due.

**3. What happens if land receiving an agricultural appraisal changes to a non-agricultural use?** If land receiving an agricultural appraisal changes to a non-agricultural use, the property owner who changes the use will owe a rollback tax. The rollback tax is due for each of the previous five years in which the land got the special appraisal. The rollback tax is the difference between the taxes paid on the land's agricultural value and the taxes paid if the land had been taxed on its higher market value. Plus, the owner pays seven percent (7%) interest for each year from the date that the taxes would have been due. For example, the fifth year of rollback tax bill may include as much as thirty five percent (35%) interest, depending on the date the use changed.

**4. What is the time-frame for filing an application for special agriculture use (1-d-1) valuation?** Applications must be made on an acceptable form after January 1<sup>st</sup> and before May 1<sup>st</sup> of the tax year. If May 1 falls on a weekend or holiday, the next working day is the deadline. Applications received after the deadline will be accepted until the appraisal roll is certified. If approved, late applications will be subject to a penalty of ten percent (10%) of the difference between the amount of the tax imposed on the property at agriculture value (1-d-1) and the amount that would be imposed if the property were taxed at market value.

For more information regarding Agriculture Policies in McLennan County, on this website, CLICK on the Tax Information Tab. Look for the topic: *Agricultural Related Policies and Other Agricultural Related Information*.



## **IV. PROPERTY APPRAISAL FAQ's (Residential and Commercial Properties)**

**1. How often does the McLennan County Appraisal District value my property?** The appraisal district must repeat the appraisal process for each property in the district at least one time every three years.

**2. What is a rendition?** A rendition is a written statement listing taxable property and the name and address of the owner. This is an option that can be utilized by the property owner, but is not required by state laws on residential or commercial real estate properties.

*However, this does not apply to a business property owner.*

*Please see the explanation under Business Personal Property Renditions below this section.*

**General Real Estate Rendition:** This is a statement listing your taxable real property and the name and address of the property owner. You may list any buildings or improvements (such as a single family residence, with a two car garage and swimming pool) that may be located on the property. The statement should contain an owner's estimate of the property's value for both the land and all of the improvements.

General real estate rendition forms are available at the Appraisal District Office. Our location address is 315 South 26<sup>th</sup> Street, Waco, Texas 76710. Or, you may have a rendition form mailed to you by calling our Customer Service Department at (254) 752-9864. Also, the rendition forms can be found on the "Forms" link on our website.

You can go to this website and see the Data Collection Manual and Property Classing manual. Under

"How we appraise your property - McLennan CAD Commercial Department Manuals"

- [Data Collection Manual](#)
- [Classing Manual](#)

**General Real Estate Rendition Deadline:** The deadline for filing renditions is after January 1<sup>st</sup> and by April 15<sup>th</sup> each year. If the deadline for submitting a rendition falls on a weekend or holiday, the deadline is extended to the next business day.

The Texas Comptroller has a complete list of all rendition forms. Please visit their website to obtain and download/print any of the rendition forms. <https://comptroller.texas.gov/taxes/property-tax/forms/>. This site will list all tax forms A to Z. Find "Property Tax" on the list and click on that item. You will be able to locate any property tax form within that list.

**Business Personal Property Rendition:** *All businesses are required by state law to file this rendition.* This is a statement listing anything that is not real property used to generate income.

If you own and/or operate a business that provides a service or produces a product, then your business may be taxable and is known as *Personal Property*.

Personal property includes:

Furniture, fixtures, equipment (office and shop), tools, machinery, computers, copiers, fax machines, motor vehicles, aircraft, general inventory, other inventory that may be held for sale on consignment, raw materials, goods in process, finished goods and/or those awaiting sale or distribution must be rendered.

**Please note:** If you use your own personal tools, machinery, equipment, vehicles or any other item or thing to produce a product or provide a service and receive income, those items are included in the

appraisal assessment. An extension request for filing a Business Personal Property Rendition must be filed with the Appraisal District in writing.

**If you fail to timely file a rendition or other property report required by Texas law, the Chief Appraiser must impose a penalty in an amount equal to ten percent (10%) of the total taxes due on the property for the current year.** (Reference: Section 22.28(a), Texas Property Tax Code, Added by SB 340, 78th Tex. Leg., 2003, effective January 1, 2004.)

**3. What are the advantages of filing an annual general real estate rendition form?** Filing a general real estate rendition form allows you to exercise your rights as a taxpayer. Your correct mailing address is on record, so taxing units will send the tax bills to the right address. Your opinion of the property's value is on record with the appraisal district.

If your property is appraised by more than one appraisal district, you should file a rendition in each appraisal district office. This situation can occur when your property is located in a taxing unit that reaches into a neighboring county.

**4. What is the deadline for filing a general rendition form or a Business Personal Property Rendition form?** You must file a rendition with the appraisal district after January 1 and no later than **April 15th General Real Estate Rendition, April 1st Business Personal Property Rendition.**

**5. Why did my value change?** When an area is selected for reappraisal, value changes may occur for several reasons:

- Due to market conditions, rising or falling real estate sales/values;
- The correction of the data base, such as a change in square footage, a pool not previously accounted for or a correction of property characteristics.

**6. Why are you inspecting my property?** In order to make accurate appraisals on every property in our jurisdiction, it is necessary to visit them periodically to ensure that the data used in making the appraisal is correct. For instance, since we last visited your home:

- The condition of the structure could have changed;
- The appraisal district could have received a copy of a building permit indicating that a room was being added, the house was being remodeled, or some amenity such as a pool or detached garage was being added to or removed from the property.
- Someone may have seen building activity taking place on your property and it was to the Appraisal District.

**7. What is fair market value?** Fair market value means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- Both the seller and 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.

**8. Can someone come and look at my property?** The appraisal district will look at your property at your request under certain conditions. If an on-site inspection is required, the appointment will be during normal working hours. An inspection request during the Appraisal Review Board process would be difficult because of time and staffing constraints. However, if time permits, an inspection may be scheduled.

**9. Is my house ever depreciated? Yes.** But increases in the value due to market conditions may offset the depreciation from increasing age.

- 10. How do you arrive at a value on a house?** The house is measured, classified, and depreciated according to its observed condition and age. The market value is based on sales of similar properties.
- 11. My house was not finished on January 1, how do you appraise it?** The existing structure is added to the appraisal roll at the percent of completion as of January 1<sup>st</sup> of the tax year.
- 12. My house is 30 years old. Is that taken into consideration? Yes.** Age, size, condition, quality and type of construction of the house/improvements are all taken into consideration.

## **V. BUSINESS PERSONAL PROPERTY FAQ'S**

- 1. What is business personal property?** Personal property includes furniture, fixtures, equipment (office and shop), tools, machinery, computers, copiers, fax machines, motor vehicles, aircraft, general inventory, other inventory that may be held for sale on consignment, raw materials, goods in process, finished goods and/or those awaiting sale or distribution must be rendered. Please note: If you use your own personal tools, machinery, equipment, vehicles or any other item or thing to produce a product or provide a service and receive income, those items are included in the appraisal assessment.
- 2. Is leased equipment taxable? Yes.** It is taxable to the owner of the leased equipment as of January 1 of the tax year.
- 3. What is a Confidential General Personal Property Rendition?** All business owners are **required** by law to report or render their business use assets to the appraisal district annually. The rendition should include all furniture, fixtures, equipment (office and shop), tools, machinery, computers, copiers, fax machines, motor vehicles, aircraft, general inventory, other inventory that may be held for sale on consignment, raw materials, goods in process, finished goods and/or those awaiting sale or distribution must be rendered. Please note: If you use your own personal tools, machinery, equipment, vehicles or any other item or thing to produce a product or provide a service and receive income, those items are included in the appraisal assessment, and must be rendered as of January 1<sup>st</sup> of each year.
- 4. Am I required to file a business personal property rendition form? Yes.** State law requires that all business owners file a business personal property rendition annually. If you fail to timely file a rendition or other property report required by Texas law, the chief appraiser must impose a penalty in an amount equal to ten percent (10%) of the total taxes due on the property for the current year.
- 5. What kinds of property must be rendered?** For taxation purposes, all property is classified as either *Real Property* (land, buildings, and other attachments to land such as a fence, sidewalk or driveway) or *Personal Property* (Items used in the production of income and/or providing a service). Personal property includes all furniture, fixtures, equipment (office and shop), tools, machinery, computers, copiers, fax machines, motor vehicles, aircraft, general inventory, other inventory that may be held for sale on consignment, raw materials, goods in process, finished goods and/or those awaiting sale must be rendered. Please note: If you use your own personal tools, machinery, equipment, vehicles or any other item or thing to produce a product or provide a service and receive income, those items are included in the appraisal assessment.
- 6. How can a rendition form be obtained?** The appraisal district mails rendition forms to businesses currently listed on the appraisal district's records. If a business owner does not receive a form, it is the responsibility of the business owner to contact the McLennan County Appraisal District Business Personal Property Department @ 254-752-9864 or via email to the general personal property email address: [bpp@mclennancad.org](mailto:bpp@mclennancad.org) advising the ownership or management of a business.

Rendition forms are also available in the Appraisal District office. Our location address is 315 South 26<sup>th</sup> Street, Waco, Texas 76710. You may have a rendition form mailed to you by calling the Customer Service Department at (254) 752-9864. The rendition form can be found on the “Forms” link of this website.

**7. Can the appraisal district request additional information after receiving a rendition? Yes.**

The chief appraiser may request, either in writing or by electronic means, that the property owner provide a statement containing supporting information indicating how the value rendered was determined (Section 22.01 (a) (5) of Texas Property Tax Code).

The statement must summarize information sufficient to identify the property, including:

1. The physical and economic characteristics relevant to the opinion of value, if appropriate; and
2. The source of the information used;
  - State the effective date of the opinion of value; and
  - Explain the basis of the value rendered. If the property owner is a business with 50 employees or less, the property owner may base the estimate of value on the depreciation schedules used for federal income tax purposes.
3. The property owner shall deliver the statement to the chief appraiser, either in writing or by electronic means, not later than the 21<sup>st</sup> day after the date the chief appraiser’s request is received. The owner’s statement is solely for informational purposes and is not admissible in evidence in any subsequent protest, suit, appeal or any other proceeding under this title involving the property other than:
  - a. A proceeding to determine whether the property owner has complied with this section;
  - b. A proceeding under Section 22.29(b) of the Texas Property Tax Code; or
  - c. A protest under Section 41.41 of the Texas Property Tax Code.
  - d. A statement provided under this section is confidential information and may not be disclosed, except as provided by Section 22.27 Texas Property Tax Code.
  - e. Failure to comply with this section in a timely manner is considered to be a failure to timely render under Section 22.01 of the Texas Property Tax Code, and penalties as described in Section 22.28 of the Texas Property Tax Code shall be applied by the chief appraiser.

**8. My business has an aggregate value less than \$20,000. Must I fill out all of this complicated form?**

A rendition statement of a person who owns tangible personal property used for the production of income that, in the owner’s opinion, has an aggregate value of less than \$20,000 is required to contain only:

- The name and address of the property owner;
  - A general description of the property by type or category;
  - The physical location or taxable situs of the property, and
  - The property owner’s good faith estimate of the market value of the property, or at the option of the property owner, the historical cost when new and the year of acquisition of the property.
- A person’s good faith estimate of the market value of the property is solely for the purpose of compliance with the requirement to render tangible personal property and is inadmissible in any subsequent protest, hearing, appeal, suit or other proceeding under this title involving the property, except in the following instances:
- A proceeding to determine whether the person complied and provided good faith estimate information
  - A proceeding under Section 22.29(b) of the Texas Property Tax Code
  - A protest under Section 41.41 of the Texas Property Tax Code

**9. Are rendered business records open to the public? No.** Personal property renditions are confidential and not available for public inspection or through the Texas Open Records Act.

**10. Is it to my benefit to render my business personal property? Yes.** The age and original cost of the property is very important and will help in determining the value of the property. An appraiser

may come by your property location to make an inspection and will make an estimate of your property's worth.

If you fail to timely file a rendition or other property report required by Texas law, the chief appraiser must impose a penalty in an amount equal to ten percent (10%) of the total taxes due on the property for the current year. If a court determines that a taxpayer filed a false rendition or report with the intent to commit fraud or to evade the tax or has altered, destroyed, or concealed any record, document, or thing, or presents to the chief appraiser any altered or fraudulent record, document, or thing, or otherwise engages in fraudulent conduct for the purpose of affecting the outcome of an inspection, investigation, determination, or other proceeding before the appraisal district, the chief appraiser must impose an additional penalty equal to fifty percent (50%) of the total taxes due on the property for the current year.

If the appraisal district determines that there has been omitted property left off the roll, the property will be back assessed. Additional penalty and interest may be applied.

**11. Is my business taxable if I operate it from my home? Yes.** All business use assets, regardless of location, are taxable.

**12. I own my own tools and equipment, but use them in my business. Are these items taxable? Yes.** All furniture, fixtures, equipment (office and shop), tools, machinery, computers, copiers, motor vehicles, aircraft, inventory held for sale on consignment, raw materials, goods in process, finished goods and/or those awaiting sale or distribution that are used to produce income are taxable whether you make a profit or not.

**13. Can I use my bookkeeping records as my rendition? Yes.** Attach these records to the rendition, sign and date it and then return it to our office. Include asset listings with the date of acquisition and original cost. All assets owned by the business must be rendered.

**14. If all my business personal property has already been depreciated out according to Federal Income Tax Laws, is my business still taxable? Yes.** If your business personal property is still in use and used to generate income, your business personal property is taxable.

**15. May I use my Federal Income depreciation schedule? Yes.** However, you must list all other assets still in use to produce income along with the year of acquisition and original cost. Understand, MCAD has adopted the Comptroller Depreciation Schedule, depreciation may be different.

**16. What if I move or sell my business during the year? The tax liability on business personal property is determined according to its location and ownership as of January 1 of the tax year in question. The taxes will be assessed for the entire year.**

**17. What if I close my business during the year, will my taxes be prorated? No.** The tax liability on business personal property is determined according to its location and ownership as of January 1 of the tax year in question. The taxes will be assessed for the entire year.

**18. When do you file the rendition and what is the deadline? After January 1<sup>st</sup> and not later than April 1<sup>st</sup> of each tax year.**

**19. What if the Appraisal District values are higher than the amount that was rendered? If you disagree with the Appraisal District's value, you have the right to protest before the Appraisal Review Board (ARB).**

## **PROPERTY PROTEST FAQ's**

*(The following is an excerpt and summarization from the Texas Property Tax Division Publication, Comptroller's Office: "Taxpayers' Rights, Remedies and Responsibilities")*

### **The Right To Protest To The Appraisal Review Board (ARB)** **Is The Most Important Right You Have As A Taxpayer.**

#### **The ARB's Role in the Property Tax System**

The Appraisal Review Board (ARB) is the judicial part of the system. The ARB is a separate body from the appraisal office and serves a different function. It hears and resolves disputes over appraisal matters. This is a very broad and important responsibility, but the ARB must be sensitive to its legal and practical limits.

- The ARB only has authority over matters submitted to it.
- The ARB has no role in the day to day operations of the appraisal office or in appraising property.
- Except where it is deciding a protest, challenge or a correction motion, the ARB has no authority to change a value or correct the appraisal records directly.
- In a challenge, it must order the chief appraiser to reappraise or correct the records related to the challenge.
- Only in resolving taxpayer protests can the ARB make changes or set a value on its own. Such a change only affects the property in question.

**You may protest if you disagree with any of the actions the Appraisal District has taken on your property.**

***But who or what is the Appraisal Review Board and what are their duties? What actions can I protest? How do I protest? What happens when I file a protest?***

To answer these questions, the information is divided into six topics:

- [Appraisal Review Board \(ARB\)](#)
- [Protesting Your Value](#)
- [Informal Review with Appraisal District Staff](#)
- [Formal Hearing Before the ARB](#)
- [District Court/Binding Arbitration](#)
- [Other Common Questions](#)

#### **A. Appraisal Review Board (ARB)**

1. **What is an Appraisal Review Board (ARB)?** An Appraisal Review Board is a group of private citizens authorized to resolve disputes between taxpayers and the Appraisal District. ARB members in McLennan County are appointed by the Local State District Administrative Judge of McLennan County. The term of office for each member selected to serve is determined solely by the Judge. Although the Appraisal Review Board is funded by the Appraisal District and appointed by the Local Administrative State District Judge, it is a separate authoritative body. No employees or officers of the Appraisal District or the taxing units it serves may be a member of the ARB.

To qualify for service on the ARB, an individual must be a resident of the county for at least two consecutive years prior to taking office. Any person who is a former member of the governing body or officer or employee of a taxing unit, or is a former director, officer, or employee of the Appraisal District is ineligible to serve. Also the person's close relatives cannot work as professional tax agents or tax appraisers within the Appraisal District.

ARB members also must comply with special conflict of interest laws. The ARB determines taxpayer protests and taxing unit challenges. The ARB also determines if the Chief Appraiser has properly granted or denied exemptions and agricultural appraisals. The ARB's decisions are binding only for the year in question. The ARB begins protest hearings around May 20<sup>th</sup> and finishes by mid-July. *(These dates are subject to change.)*

ARB meetings are open to the public. The ARB operates under Procedures and Guidelines that are established by the Office of the Texas Comptroller under the rules and laws of the State of Texas. For cost savings purposes, the ARB typically meets at the Appraisal District office and uses some of the appraisal district personnel as their clerical staff.

## **2. What are the ARB's Duties?**

Under the law, the ARB has these duties:

- (1) Determine protests initiated by property owners;*
- (2) Determine challenges initiated by taxing units;*
- (3) Correct clerical errors in the appraisal records and the appraisal rolls;*
- (4) Act on motions to correct appraisal rolls filed under Section 25.25 of the Texas Property Tax Code;*
- (5) Determine whether an exemption or a partial exemption is improperly granted and whether land is improperly granted appraisal as provided by Subchapter C, D, or E, Chapter 23 of the Texas Property Tax Code; and*
- (6) After it has completed substantially all protests, motions and challenges, the ARB approves the appraisal records.*

## **B. Protesting Your Value**

### **Protest Deadlines:**

***Important: Protest deadlines run on calendar days, not on business days.***

You can file a protest not later than May 15<sup>th</sup> or the 30<sup>th</sup> day after the date that notice to the property owner was delivered to the property owner, whichever is later.

If the protest deadline falls on a Saturday, Sunday or a Holiday, then the next business day is considered as the filing deadline. Any protest will be accepted and considered as timely filed if the protest is either:

1. **HAND-DELIVERED** in person or by courier such as UPS or Fed-Ex to the Appraisal District office at 315 South 26<sup>th</sup> Street, Waco, Texas, or
2. **POSTMARKED** at a US Post Office on or before the deadline

### **Late-Filed Protests:**

If you file a protest after the stated deadline on your Appraisal Notice, or you have filed a protest after the general state deadline, postmarked or hand delivered after the protest filing deadline, your protest will be date-stamped and stamped **LATE**.

The Appraisal District will submit the late-filed protest to the ARB as it does not have any authority to review a property account when it is indicated to have a late-filed protest. Only the ARB can determine whether your late protest has the validity to be heard and it will rule on whether they will consider hearing the late-filed protest.

If a property owner or an authorized agent files a protest after the deadline, the property owner is responsible for submitting a written statement as to why the protest filing deadline was missed.

### Other Protest Deadlines:

If you have received a letter from the Appraisal District regarding any action taken by the Appraisal District that affects your property such as a

- Denial of a homestead exemption from an application you had submitted,
- Denial of an agricultural-use valuation from an application you had submitted,
- Action requested on another type of denial of another type of exemption
- Action requested that other information be provided for an application you had sent in

If you wish to protest that Denial or Action, submit your protest in writing by either sending a letter or using the protest form found on the "Forms" link of this website. The deadline for filing this type of protest is thirty calendar (30) days from the mailing date stated on that letter of Denial or Action.

### Reasons for Filing a Protest:

You may file a protest if any of the following is true about your property:

**a. The proposed value of your property is too high.** This could be based on incorrect information on the Appraisal District records, such as lot size, building size, etc. It could also be due to situations that the Appraisal District does not know about, such as hidden defects, cracked foundations, inadequate plumbing, flooding problems, etc. If similar properties are selling for less than your property, you may have a reason to protest.

**b. Your property is valued unequally compared with other similar properties in the Appraisal District.** The Texas Constitution gives property owners the right to equal and uniform taxation. For instance, if your property is appraised at 100% of market value and similar properties are appraised at 90% of market value, then you have a right to protest your value based on the Appraisal District's failure to appraise equally and uniformly. This type of protest will require more evidence than other types of protests.

**c. The Chief Appraiser denied you an exemption.** Certain requirements are established by the Texas Legislature and exist for receiving an exemption, including deadlines for filing. If you have met the requirements and are denied an exemption, you may file a protest and have a hearing before the ARB. *To receive an exemption, a person must first apply for the exemption with each Appraisal District in which the property has Situs.* Some exemptions require an annual application. For more information, contact the Customer Service office at (254) 752-9864.

**d. The Chief Appraiser denied agricultural-use appraisal for your farm or ranch.** You as the property owner are responsible for applying and providing required information to receive a special agricultural appraisal. Keep in mind that this is NOT an exemption. Agricultural appraisal laws have specific requirements involving ownership and land use based on agriculture use guidelines that have been established for McLennan County. If you believe your property meets these requirements and you believe you have been wrongly denied, you should file a protest.

**e. The Chief Appraiser wrongly determined that you took your land out of agricultural use.** An appraisal may have been done while your land was lying fallow, or for rotation of crops. You will be required to provide documentation to prove that you did not change the use of your land to a non-agricultural use.

**f. The appraisal records show an incorrect owner.** Even if you purchased your property after January 1, you may protest the property's value until the ARB approves the appraisal roll. The law



recognizes the new owner's interest in the taxes on the property. Be aware that certain penalties may apply. If, after 90 days from the date of closing on a property, if the appraisal record does not reflect the current ownership, please contact the Customer Service office at (254) 752-9864.

**g. Your property is being taxed by the wrong taxing units.** This generally applies to business personal property that has moved from one location within the county or a school district or a city to another. You can protest the inclusion of your property on the appraisal records if it should be taxed at another location in the county or within Texas or out of state.

**h. The Chief Appraiser or ARB failed to send you a notice that the law requires them to send.** You have the right to protest if the Chief Appraiser or ARB failed to give you a required notice. You cannot, however, protest failure to give notice if the taxes on your property become delinquent.

**i. The Appraisal District or ARB took other action that affects your property.** You have the right to protest any Appraisal District action that affects you and your property. For example, the Chief Appraiser may claim your property was not taxed in a previous year and you disagree.

**You may protest only actions that affect your property.**

## **1. How do I protest?**

**Protests to the ARB must be in written form only.** Verbal statements are not accepted.

The ARB will **NOT** accept protest filings by fax. The Appraisal District has forms for protesting, but an official protest form is not necessary. Any written notice of protest will be acceptable as long as it:

- (a) Identifies the property owner.
- (b) All contact information is provided: Including *who* the Notice of Hearing should be addressed to. Provide a complete Mailing Address and a daytime telephone number. If you prefer to be contacted via email, please provide that as well.
- (c) Identifies the property in question: provide the appraisal district's property identification number, (PID), if known, and/or the physical address of the subject property, and/or the legal description of the property.
- (d) Provide a reason or multiple reasons why you are dissatisfied with the property value assessment or related issues. See the explanation of reasons as noted on the previous page and continued at the top of this page.

***Failure to provide sufficient contact information will result in delays in processing your protest. If the Appraisal District cannot identify the property you are trying to protest or cannot identify your protest issue(s), or has trouble in attempting to reach you, your protest will be submitted to the ARB in its 'as is' state and they will determine whether or not the protest you submitted with the vague or unidentifiable information will be considered. Be sure your protest is clear, concise and to the point.***

The district encourages taxpayers to protest online for free at <https://portal.trueautomation.com/5>. From the website you will have earlier access to district evidence, the ability to upload your own evidence, review settlement offers, and some properties will be able to schedule a hearing date. Not all protest reasons are currently available online and reasons other than market and unequal will need to be mailed to the office.

**If you mail your protest, please send it to:**

**McLennan County Appraisal District, PO Box 2297, Waco, TX 76703-2297.**

If you want to deliver your protest in person, the McLennan County Appraisal District is located at 315 South 26<sup>th</sup> Street, Waco, TX 76710-7400. Use the physical location address for courier deliveries from UPS, Fed-Ex, etc.

**2. Can I file a protest via fax? NO. The Appraisal District does not accept faxed protests due to illegibility.** Many faxes are that received at the appraisal district office are very often not readable. You may mail your protest to the appraisal district at the address stated above, hand-deliver it or have it delivered via standard courier or you can email it to: [mcadmail@mclennanacad.org](mailto:mcadmail@mclennanacad.org).

**All protests must be in writing, must be clearly stated and provide sufficient contact information, property owner name, and either a property description, property's physical address and/or the property account number, and the reason that the property owner is dissatisfied with the property or other issue concerning the property. If mailed or emailed, the protest must be postmarked or date-stamped on or before the protest deadline date.**

**3. I sent in documentation with my protest. Why have I not heard from anyone?** Taxpayer phone calls, walk-ins and formal ARB Hearings take priority during the Protest time of year which typically runs from April through Mid-July. Many times, appraisers are unable to review documentation attached to a protest until a day or so before the ARB Hearing. However, if you have attached documentation to your protest, then please call and schedule an appointment to speak with an appraiser so they can pull your protest and review your documentation with you. If they are able to make an adjustment that you are in agreement with, there may be no need for your formal ARB Hearing.

**4. I missed the protest filing deadline and forgot to file my protest, can I still protest my value.** The law allows very few remedies after the deadline has passed. On or before January 31<sup>st</sup> you may file a protest if the district failed to send a required notice. A motion may be filed if the appraised value is 1/3 over market value, and filed on or before January 31. You have 5 years to file a correction motion if there was a clerical error, multiple appraisals, inclusion of property that did not exist, or ownership errors.

**5. I am a new property owner and just closed on my property as of August 2<sup>nd</sup> and I did not get a notice about the property value for this year and I want to protest because I paid less money than what you have the property value appraised at for this year. How can I get my value lowered?** You did not receive a Notice of Appraised Value as you were not the property owner on January 1<sup>st</sup> of the tax year in question. It was most likely sent to the prior owner. If you purchase your property between January 1 and the deadline you may file a protest, otherwise you may only proceed if a timely protest was filed by the January 1 owner. The Appraisal District does not have any authority to review or process your protest as all records were approved and certified on or before July 25<sup>th</sup> of the tax year in question. Instead, your protest will be placed on file with the ARB. Nothing will be done with that protest until the next time the Chairman of the McLennan County Appraisal Review Board calls for a protest hearing date to be scheduled. You will still be responsible for paying all taxes as assessed, especially if the ARB Chair does not have sufficient reason to call for another ARB hearing date until the following year's ARB schedule commences.

Instead of filing a protest, the property owner may wish to consider filing a Motion under Section 25.25(d), Texas Property Tax Code. This is a written motion, filed with the ARB wherein the property owner can request that the value be changed on the current appraisal roll to correct an error that resulted in an incorrect value that exceeds by more than one-third the correct appraised value. The burden of proof of the one-third error is the responsibility of the property owner to prove. There are certain requirements, restrictions and deadlines that must be met in order for this motion to be heard by the ARB.

Deadline to file the 25.25(d) Motion is by the delinquency date of the subject tax year. For example: property taxes that are assessed as of October 1, 2016, must be paid in full by the deadline of January

31, 2017, as penalty and interest assessment starts on February 1, 2017. The deadline for filing the 25.25(d) Motion is January 31, 2017. The Motion document must be postmarked with that date or hand-delivered by the close of the business day to the Appraisal District at the physical location. If a Motion document is delivered after the deadline with a later postmark than specified, the Motion is not accepted.

Proof of payment of the taxes must be submitted with the Motion document. If the taxes are not paid, the motion is automatically forfeited and it will not be considered.

If the appraisal roll is changed under this subsection, the property owner must pay to each of the affected taxing units, a late-correction penalty equal to ten percent (10%) of the amount of taxes as calculated on the basis of the corrected appraised value. Payment of the late-correction penalty is secured by the lien that attaches to the property under Section 32.01 and is subject to enforced collection under Chapter 33, Texas Property Tax Code.

## **C. Informal Review with Appraisal District Staff**

**1. Do I have to go to an ARB Hearing to settle my issue(s)? NO.** We encourage all property owners and/or their authorized tax agents to try to resolve their issues with an appraiser *prior to* a formal ARB Hearing. Many times the issues can be resolved with a staff member of the Appraisal District in an informal manner without going to the ARB. You should be prepared to present whatever documented evidence you have to convince the appraiser of your point of view.

The Appraisal District has adopted a set of Standards of Documentation that details the type of data and information that you should present and is included below.

If the appraisal district appraiser is able to resolve your issue prior to the ARB Hearing, then your hearing will be cancelled. However, if an appraisal district appraiser is unable to resolve your issue(s), you may continue to your hearing with the ARB.

Informal appointments are limited. They are only available from the date the annual appraisal notices go out, typically around the first week of April each year and end if your hearing date has past.

**2. When should I come in to talk with an appraiser?** Call to make an appointment to discuss your value as soon as you have received your Notice of Appraised Value and you believe that you have some issue with it.

**Important!** Please keep in mind that the estimated amount of taxes indicated on your Notice of Appraised Value is simply that: AN ESTIMATE. The estimated taxes are based on the last published tax rates of the prior tax year, and may or may not include exemptions that you may or may not be entitled to. The appraiser has no control over the estimated taxes and will not discuss that issue with you.

**3. I was not aware that informal appointments were available. I've already sent in my e-filed protest. Do I get to come in and still talk with an appraiser informally? NO.** If you have filed a protest via e-file, all communication is done via the e-file process. You may upload evidence and an appraiser will attempt to review it prior to your hearing. You may also review district evidence typically 48 hours in advance of a formal hearing.

If you accept an offered agreement via the e-file process, you cannot file a paper protest to try and get the ARB to lower the value in addition to what you may have already received.

If you reject an offered agreement via the e-file process, you may not see an appraiser informally to try and continue your issue discussion. That was handled during the e-file process.

Your e-filed protest will be set for a hearing before the ARB. A Notice of the Hearing date, time and place will be sent to you via regular USPS first class mail.

**4. Do I need to make an appointment to see an appraiser informally?** Appointments to meet with an appraiser are greatly encouraged and preferred as there are many property owners wishing to speak to an appraiser during April and May about their property account. A property owner can call the Appraisal District office at (254) 752-9864 and will be given an appointment date and time for an informal meeting. Please note: This does not apply to those persons who have filed a protest using the available e-filed protest method.

**5. How long of a wait is there to see an appraiser?** Even if you have an appointment, there is no guarantee that you will be seen immediately. The average wait time is typically less than 30 minutes; however, waits may exceed 1 hour or more. Walk-ins may be seen based on staff availability, but scheduled appointments will have priority.

**6. Can I negotiate a value over the telephone? Certain exception must prevail:** If you live outside of McLennan County, or if you are not able to visit the appraisal district office in person due to a disability or other medical issues or needs, an appraiser will be assigned to call you back and discuss your property issues with you on the telephone.

Otherwise, if you live within the boundaries of McLennan County, please make an appointment to come into the Appraisal District and visit with an appraiser regarding property issues.

You will need to be able to provide documentation if requested. In order for an appraiser to make an adjustment, he or she needs to follow the ARB's Standards of Documentation (which is the same as adopted by the Appraisal District), which means he or she needs to support a value adjustment with documentation provided by the taxpayer.

*Verbal information is not considered to be sufficient to make a valid determination of a property's value.*

*Useful Tips:*

- ▶ Please provide all information to the Customer Service clerk as to why you are calling about your appraisal notice and why you believe your property value or related issues are not correct.
- ▶ If you are not able to meet in person with the appraiser and wish for them to call you back, do not expect to be able to talk to an appraiser immediately or even on the same day that you have called in. All appraisers are busy assisting other property owners and an appraiser will call you back as soon as they are able. They will need sufficient time to research your property and have information ready to discuss with you when he or she returns your call.
- ▶ You should have all of your information available in front of you at the time you place your call. Keep your information handy so that it is readily available when the appraiser is able to call you back.

## **D. FORMAL HEARING PROCESS BEFORE THE MCLENNAN COUNTY APPRAISAL REVIEW BOARD (ARB)**

**1. What is a formal hearing before this Board?** If you are not able to resolve your protest informally with an appraiser, the next step in the process is to have your protest heard by the Appraisal Review Board (ARB). The ARB is a group of citizens who are authorized to resolve disputes between Appraisal Districts and taxpayers.

You will be sent a written *Notice of Hearing* approximately (fifteen) 15 calendar days prior to the date the ARB has set for your protest hearing. The ARB selects the date and time for your hearing as they meet only on specifically assigned dates during a calendar year. It is your responsibility to contact the Appraisal District if for any reason the date and time you have been assigned conflicts with your schedule. All hearing notices are sent via Regular US First Class mail to the address you provided on your written protest.

If you fail to show up for your hearing, the ARB may choose to dismiss your protest and close the case with no further determination regarding your protest. The ARB does not send you any notice it has done so.

The protest hearing before the ARB is conducted very much like a court case, although less formal. Generally, ARB panels are three-member panels, but may be more.

Typically, after formal introduction of the parties and the property involved, the ARB will hear evidence from the property owner and the Appraisal District and make a judgment based on the evidence presented. The entire hearing typically takes approximately 15 – 20 minutes and the property owner will know the ARB's recommendation before they leave the hearing.

After a decision is made by the ARB panel and approved by a quorum of the entire Board, a written Notice of Final Order is sent by certified mail to you or to your agent. This decision is binding for the current tax year unless you file an appeal with the local District Court or file for Arbitration proceedings.

**2. Do I need to appear in person at my formal hearing? Not necessarily.** You have four choices in this matter:

- 1) *You can appear in person;*
- 2) *You can appoint someone else to appear for you by **written authorization**;*
- 3) *You can file a written affidavit that has been notarized stating your facts and presentation; or*
- 4) *You can appear by teleconference with a filed affidavit.*

Option 2: Having Someone Else Appear For You: You can authorize someone else to appear on your behalf. If the person is your spouse or a co-owner of the property, you do not need to do anything to authorize the person.

**To authorize a friend or a family member other than your spouse, you must provide a written authorization for the person representing you, only signed by you as the owner of the property.**

If you authorize someone besides a family member or friend (i.e., a Real Estate Agent), you must obtain and complete Form 50-162: *Appointment of Agent For Property Tax Matters*. You can obtain this form from the Appraisal District office or download it from the Texas Comptroller's website and file it with the appraisal district. To authorize somebody who is paid for representing you, you must use a special Appointment of Agent form. This form is available from the Appraisal District. The person you select should be able to discuss the property from personal knowledge and you should file the form as soon as possible. At the very latest, the person you have representing you must bring the appropriate form to the ARB hearing.

Option 3 - Affidavits: The affidavit and supporting documents must be received by the ARB before the scheduled hearing date. Delivering them to the appraisal district office in person is best. If you mail the Affidavit, it is a good idea to send it return receipt requested. Be sure to mail the Affidavit in plenty of time and be sure the address is correct.

The Affidavit may include a cover letter. Both the cover letter (if included) and the Affidavit must contain: the property owner's name or the authorized tax agent's name, mailing address of either the property owner or agent, whoever is authorized to submit the affidavit, telephone number, property account number, property description, and the date and time of the hearing.

Also, the Affidavit must include a statement that the signing party swears or affirms that the information it contains is true and correct. Also any supporting documentation must be included. A Notary's signature and seal must be affixed to this document. If the Affidavit is not notarized, the ARB has the right to reject the document with no further review. This could cause your protest hearing to be cancelled and the protest case to be dismissed for failure to comply with these requirements.

**IMPORTANT!** For purposes of scheduling your hearing, you must state that you do not intend to appear at the ARB hearing or that you intend to appear at the hearing and that the affidavit may be used only if you do not appear at the hearing.

If you fail to state whether you intend to appear at the hearing, the ARB shall consider the submission of the affidavit as an indication that you do not intend to appear at the hearing.

If you state that you do not intend to appear at the hearing or if you do not state whether you intend to appear at the hearing, the ARB is not required to consider the affidavit at the scheduled hearing and may consider the affidavit at a hearing time specifically designated for a later hearing date for the specific purpose of processing affidavits. This is up to the ARB entirely.

Option 4 - Teleconference: To be eligible for teleconference the ARB must be notified of your intent no later than 10 days prior to your hearing, submit an affidavit meeting the requirements above prior to the hearing start time, and include a phone number where you may be reached. At least 5 minutes prior to the scheduled hearing time call the appraisal district (254)-752-9864 to check in and verify your phone number. The ARB will call you back when your case is next in line.

**3. What type of information or documentation do I need to bring to the ARB hearing?** The ARB and the Appraisal District have both adopted a set of Standards of Documentation that a property owner and/or agent must bring to an ARB protest hearing or to an informal review with an Appraisal District appraiser. The following outlines at the bottom of this page, indicate the required documentation for residential real estate, commercial real estate, and business personal property.

**4. Where can I obtain hearing information and data?** For Residential property, if you have protested your property, you will receive a Hearing Notification of the date, time and location of your hearing. You may request in writing any documentation the appraiser intends to present at your hearing. You may also wish to visit with a professional in the field of real estate, or other related professions, that can provide you with information relevant to your protest issues.

**5. What form of documentation will the ARB accept for the hearing?** By law, a copy of any and all evidence submitted to the ARB must be retained. Therefore, the ARB will not accept evidence that is presented on PCs, PDAs, IPADS, cellphones, video recorders, projectors, digital cameras, or any other electronic type of media that cannot be retained and copied for permanent record. All data and devices will become the permanent property of the ARB and are not returnable for any reason if you elect to submit your information in this manner.

## **E. STANDARDS OF DOCUMENTATION**

### **Residential Real Estate:**

**Types of Documents for Consideration:** Closing Statement • Sales Contract • Lease Information • Recent Appraisals • Insurance Coverage • Photographs of the Property • Engineers Report • Evidence of Damage or Defects • Comparable Sales of Similar Properties • Rental Income & Expense Information • Cost of Construction (*if less than 2 yrs.*) • Recent Offers to Purchase Your Property.

You should provide documentation that supports your market value position. If you have recently bought your home, then you should provide a copy of your closing statement and/or fee appraisal if one was done for financing purposes.

If you have not recently purchased your home, you should try to provide sale comparables, broker's opinion of value, and/or any sales information that you feel supports your position. If your property has any conditional problems and/or repair issues, you should provide pictures and/or professional repair estimates of the problem areas.

If you have had a recent fee appraisal undertaken, this information should be provided as well.

**SALE OF SUBJECT PROPERTY:** A signed and dated closing statement is required. The closing statement will include a description of the property being transferred. A copy of the sales contract and the volume and page number of the deed filing will be required in some cases. Interior and exterior photographs of your property are also good forms of evidence.

**SALES OF COMPARABLE PROPERTIES:** Sales of comparable properties with photographs should include the following information, if available: 1) property address; 2) sales date/sale price; 3) grantor/grantee; 4) volume and page number; 5) financing terms/source/confirmed by; and 6) appraisal of subject property, date and reason for sale.

**PROOF OF PHYSICAL, FUNCTIONAL OR ECONOMIC OBSOLESCENCE:** This type of information can be documented in a variety of ways. The best types of documents are usually estimates for repairs from contractors and photographs of physical problems. All documentation should be signed and attested. This means you must furnish "documented" evidence of your property's needs.

Also, if the property is leased: provide a copy of the signed and dated lease document, income and expense statements, profit and loss statements and rent rolls.

If the property is business personal property: submit a complete listing of all items used in the production of income and/or providing a service. Include complete description, cost, year acquired and whether leased or owned. Personal property includes: • Furniture • Fixtures • Equipment (office & shop) • Tools • Machinery • Computers • Copiers • Motor Vehicles (make, model & year) • Aircraft • Inventory held for sale and/or consignment • Raw Materials • Goods in Process • Finished goods (and/or those awaiting sale or distribution)

Also Include: • Bill of Sale or Cancelled Lease of the Business • Current year IRS filings • Leasehold items • documents such as CPA statements • audits • balance sheets • IRS returns (Form 1040, Schedule C; Form 4562) • detailed inventory records • receipts • invoices • and leases pertaining to the property.

*Any undated and/or unsigned documents will not be considered.*

## **F. Binding Arbitration & District Court Issues**

### **Binding Arbitration:**

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[I went to my ARB Hearing and I am not happy with the outcome and decision. I don't want to go through the District Courts. Is there another alternative that I can pursue?](#)

After the ARB rules on your protest, the ARB must send you or your agent a written **Notice of Final Order** by certified mail. You have the right to appeal this order to the district court.

However, there is an alternative to filing an appeal to district court: A property owner may be entitled to appeal an appraisal review board order that only determines a protest concerning the appraised or market value of property through BINDING ARBITRATION. Your board order will contain the instructions for filing arbitration.

### **When and what to file Binding Arbitration:**

A property owner or agent must file with the appraisal district not later than the 45th day after the date the property owner receives the appraisal review board order determining protest:

- (1) a completed request for binding arbitration, and
- (2) an arbitration deposit made payable to the Texas Comptroller of Public Accounts, **by a check issued and guaranteed by a banking institution (a cashier's or teller's check) or by money order only**. Personal checks, cash or other forms of payment will not be accepted. Please see the comptroller's website for deposit amounts.

A deposit is required for each request for arbitration. **Failure to remit the proper type of payment will result in the automatic rejection of the request(s) for binding arbitration by the appraisal district.**

**Where to file Binding Arbitration:** File the approved Comptroller's Arbitration form and the required deposit with the appraisal district. This form was included with the ARB's Final Order. It must be filed with the county appraisal district that appraised the property for which arbitration is requested. **Do not file the request with the Comptroller of Public Accounts.**

**Arbitrating Contiguous Properties:** You may arbitrate more than one property for a single deposit, provided they are contiguous to one another. Please review all instructions on the Arbitration Form.

**For Assistance:** Direct all questions about the Arbitration application to the Texas Comptroller's office at 1-800-252-9121 or 512-305-9999, or by email at [ptad.arb@cpa.state.tx.us](mailto:ptad.arb@cpa.state.tx.us). The appraisal district does not process or handle any related Arbitration matters.

Additional information can be found at <https://comptroller.texas.gov/taxes/property-tax/arbitration/index.php>.

**Other Important Information:** Expenses incurred by the property owner in preparing for and attending the arbitration are the owner's responsibility. The arbitration deposit may only be used to pay for the cost of the arbitrator and the Comptroller's ten percent (10%) administrative cost.

All but the administration cost of the deposit will be refunded to the property owner if the arbitrator determines that the value is nearer to the property owner's opinion of value stated in the request for binding arbitration than the value as determined by the appraisal review board.

**A property owner who fails to strictly comply with legal requirements waives the property owner's right to request binding arbitration.** A property owner who appeals to district court an appraisal review board order determining a protest concerning appraised or market value waives the owner's right to request binding arbitration. An arbitrator shall dismiss any pending arbitration proceeding if the property owner's rights are waived.

The taxes on the property that are the subject of the arbitration must be paid timely. Failure to pay taxes before the delinquency date will result in the arbitration being dismissed with prejudice. A property owner, however, will receive a refund of all but 10 percent of the deposit, if the arbitration is dismissed under this circumstance.

### **Appeal to State Office of Administrative Hearings (SOAH)**

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As an alternative to filing an appeal to district court, certain property owners may appeal to the *State Office of Administrative Hearings (SOAH)* an appraisal review board order determining a protest concerning the appraised or market value of property brought under Section 41.41(a)(1) or (2) of the Texas Tax Code if the appraised or market value, as applicable, of the property that was the subject of the protest, as determined by the appraisal review board order, is more than \$1 million.



To appeal an Appraisal Review Board order to SOAH, a property owner must file with the Chief Appraiser of the appraisal district not later than the 30th day after the date the property owner receives notice of the order:

- (1) a completed notice of appeal to SOAH, a copy of which was enclosed with the Notice of Final Order; and
- (2) not later than the 90th day after the date the property owner receives the notice of order a deposit of \$1,500 made payable to SOAH must be filed with the appraisal district.

For more information regarding appeal to SOAH, you should consult Texas Government Code Chapter 2003 and related SOAH rules. If you need legal advice, you should consult an attorney.

**It is important to note that the pendency of an appeal, whether to district court, through binding arbitration, or to SOAH, does not affect the delinquency date for the taxes on the property subject to the appeal.**

**For more specific information, consult the applicable statutes and rules.**

## District Court

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[I went to my ARB Hearing and I am not happy with the outcome and decision. I want to pursue a lawsuit against the ARB. What do I do?](#)

The deadline to file a petition with the local District Court is within 60 days of the date that you receive the ARB's Notice of Final Order and Order Determining Protest. You should consult an attorney to find out about all costs involved with the potential lawsuit and all requirements for proceeding.

## G. Other Common Questions

- 1. What are your typical hours of operation?** The Appraisal District is open from 8:00A.M to 5:00P.M Monday through Friday.
- 2. Why did I not get an appraisal notice?** The Appraisal District is only required to send an appraisal notice if the value has changed, if the ownership has changed, if a rendition was filed or an appraisal notice has not been sent in the last three tax years. Assuming your property did not meet these criteria, then you would not have been mailed an appraisal notice; however, you can still file a written protest for the current tax year. All protests must be postmarked by the annual state deadline of May 15. If this date falls on a weekend or a holiday, then the deadline is postponed to the next business day.
- 3. I am over 65 years of age. Are my taxes frozen?** You may receive a "tax ceiling" for your total school taxes; that is, the school taxes on your home cannot increase as long as you own and live in that home. The tax ceiling is set at the amount you pay in the year that you qualify for the Over-65 homeowner exemption. Other taxing units may adopt a tax ceiling, However, most other entities such as cities, the county or other special districts do not offer a freeze ceiling. Please contact the Appraisal District if you have questions concerning this issue. Tax ceilings can go up if you significantly improve your home (other than by ordinary repairs and maintenance). For example, if you add a swimming pool, a garage, a storage building, a room to your home, or significantly remodel your home, your tax ceiling can rise. It will also change if you move to a new home. Please note that the tax ceiling is applied only to the property that you reside in. It does not apply to vacant land tracts, rental properties, business properties or any other property you may own that you do not reside in.
- 4. You raised my value more than 10%. How can you? I thought it was limited.** The Texas Property Tax Code states that a *residential homestead* is limited to a 10% increase. Also, keep in mind:

Limitations take effect one year after you receive your homestead exemption. For example: This means anyone who purchased a property after January 1, during 2018 would not be eligible for a limitation in 2019 as they are not eligible for homestead exemption until January 1, 2019.

Your homestead exemption must be in place for a period of one year to be eligible.

**Rental properties and/or properties that do not have a homestead exemption are not eligible for the limitation amount.**

Limitations do not apply to new improvements added in that tax year such as pools, room additions, any new construction, etc.

- Limitations are removed when a property changes ownership.
- Limitations will be shown on the Notice of Appraised Value as “Capped Value”.
- All granted exemptions are subtracted from the Capped Value instead of the Market Value
- Capped Value minus applicable exemptions = (equals) taxable value.

If a property qualifies for a Capped Value, the District will also maintain a Market Value as well. If you disagree with the Market Value but are in agreement with the Capped Value, you should still protest the Market Value. The Capped Value will recalculate at 10% per year until it eventually equals the Market Value of the property.

**5. How do I get sales information?** You should be able to get sales information from real estate agents that sell property in your area. Also, the Appraisal District will provide you with only the specific sales information that was used in determining the valuation of your property. This is applicable only if you have filed a protest on the current year and you submit a written request for that data.

However: Effective on June 15, 2007, the 80<sup>th</sup> Texas Legislature added Texas House Bill 2188 which is now known as Government Code, *Section 552.148, Titled: Exception: Records Of The Comptroller Or Appraisal District Received From Private Entity*. This Code excepts certain property tax appraisal information received by the Comptroller or an appraisal district from a private entity, including real property sales prices, descriptions, and characteristics, from disclosure under the state’s public information law. The bill provides that the exception from disclosure does not apply to a request by a property owner, the owner’s agent, or a school district in relation to a protest hearing or to a request by a property owner, the owner’s agent, or a school district in relation to a protest of a Comptroller’s determination of property values. **The information remains confidential in the possession of the property owner, the appraisal district or the agent and may not be disclosed to a person who is not authorized to receive or inspect this information.**

**6. Why is my residential property in the Commercial property file?** Your residential property may be located in an area that has more of a commercial (including retail, office, or industrial) influence than residential. This often occurs in areas where smaller businesses use converted residences to accommodate their neighborhood friendly business. These businesses are likely to be law offices, medical offices, beauty salons, art galleries, flower shops, antique stores, and restaurants.

**7. How do you justify an increase in my commercial property?** Your commercial property can increase due to its location, demand, and increasing rental rates of similar properties in the subject market area. This can occur without having your property rehabilitated or remodeled. Your commercial property can increase due to a rapid increase in population in your area. This will likely create more demand for commercial space that leads to better rents.

**8. How does my value increase when other properties are decreasing in value?** Property values in general or countywide may not represent your specific market area or neighborhood. The average sale price or rental rate per unit in your area may exceed the average price for the entire

county. Properties that are located in these areas are likely more desirable and have a higher rate of occupancy or absorption, which leads to better rents and sale prices.

**9. What is a statement of authenticity?** For all Business Personal Property properties, documentation submitted must include a statement of authenticity. This statement identifies the documentation provided and certifies it to be true and accurate to the best of the property owner's knowledge and must be signed by the property owner. This is especially for business personal property books and records. If the information is received from a CPA, the license number must be provided.

**10. Are lessees allowed to protest their values?** A person leasing tangible personal property who is contractually obligated to reimburse the property owner for taxes imposed on the property is entitled to protest before the Appraisal Review Board a determination of the appraised value of the Property only if the property owner does not file a protest relating to the property.

A person bringing the protest is considered the owner of the property for purposes of the protest.

The ARB shall deliver a copy of any notice relating to the protest and of the order determining the protest to the owner of the property and the person bringing the protest.

The property owner shall timely send to the person leasing the property a copy of any notice of the property's reappraisal received by the property owner. Failure of the owner to send a copy of the notice to the person leasing the property does not affect the time within which a person leasing the property may protest the appraised value.

The party initiating the protest must file a written notice of the protest with the Appraisal Review Board by the protest deadline. The property owner, not the lessee, must initiate any corrections to the appraisal of the property.

**11. Why am I being notified for properties with values under \$500?** A business is entitled to an exemption from taxation if the business personal property account has a taxable value of less than \$500. Business Personal Property is the tangible personal property owned that is held or used for the production of income. The exemption applies to each separate taxing unit in which a person holds or uses tangible personal property for the production of income. All property in each taxing unit is aggregated to determine taxable value.

If you have a question that has not been addressed or answered in these pages, please contact the McLennan County Appraisal District at (254) 752-9864.