Property Value Study

All About the PVS
&
Taxable Value Audits

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Property Value Study

- Property Value Study is released on January 31st of each year.
- PVS results are from the previous year.
- PVS results are reported to TEA and used for ISD’s funding formulas.
2014 Property Value Study

Released January 30, 2015

- 12 ISD’s had a State Value lower than Local (this is considered to be invalid, even though Local Value is assigned)
- 94 ISD’s are in Year 1 of Grace
- 13 ISD’s are in Year 2 of Grace
- 34 ISD’s are at State Value

If not appealed all of these schools will have a study again next year.
Schools in ESC 1 That Did Not Pass

- LaFeria ISD Year 1 Grace
- Rio Hondo ISD Year 1 Grace
- Jim Hogg ISD State Value Assigned
- Rio Grande City ISD State Value Assigned
- Roma ISD State Value Assigned
PVS Studies

2014 PVS
- Cameron Co
- Jim Hogg Co
- Starr Co

2015 PVS
- Hidalgo Co
- Webb Co
- Willacy Co
- Zapata Co
Understanding the Reports

- ISD Summary Worksheet
  - This is the “report card” for the appraisal district
    - Did you Pass (Valid)
    - Did you Not Pass (Invalid)
If You Are Invalid

- CAD wants to “choke” PTAD
- ISD wants to “choke” CAD
ISD SUMMARY WORKSHEET

- Gross value is listed
- Total Deductions are listed
- Total Taxable Value
- Category D (market and productivity is listed)

- If the ISD has invalid value and is still in the grace period it will state that
  - Year One of Grace
  - Year Two of Grace
  - If value assigned does not match Local Tax roll value the ISD has been assigned state value
The Final Values Worksheet will also describe if the ISD has invalid value and if the ISD is in the grace period.
Deduction Detail Worksheet

- Data submitted to PTAD on electronic data submission
- PTAD calculates their own estimate for the Homestead-Over 65 or Disabled Freeze Loss
- PTAD also calculates its own estimate for Homestead-10 % Appraisal Cap Loss
Use the Results

- TEA uses the results of the PVS to equalize school funding. Property owners use the PVS to evaluate whether local taxing entities are taxing them fairly. Appraisal districts use the PVS to evaluate their performance and to determine the need for reappraisal.
Questions to Ask

Whenever “grace” starts for ISD’s, the question of whether or not to appeal is asked.

- If there is no funding at stake should the ISD appeal? Should the CAD appeal?
- These are local decisions that must be reached by the Chief Appraiser and Superintendent and/or Business Manager of the school.
- What happens if CAD and ISD are in conflict?
Who Can Appeal

- Only an ISD has the right to appeal
- ISD’s control the entire process
- ISD’s can select their agent
- There can only be one agent for each appeal (protest)*

*SR appeal and full PVS appeal may have different agents
Pick Your Battles

PICK YOUR BATTLES
Some things are better left alone
PVS Impact on School Funding

- CAD/ISD Local Value $413,626,484
- ISD Assigned Value (state) $437,808,288
- State Aid Impact $ 276,403
- Assigned Value after appeal $ 413,626,484
• CAD/ISD Local Value $314,066,951
• ISD Assigned Value (state) $330,311,221

• State Aid Impact $293,026
• Assigned Value after appeal $309,621,074
2013 PVS

- 72 Appeals (full appeals) were filed
- Out of 72 appeals filed only 12 were filed by a CAD
- 89 Self Report Only Appeals were filed
Invalid Values

- An ISD has 40 days to file an appeal after the study is released
- 2014 PVS - March 11 is deadline to submit appeal
The Appeals Process

- Once the CAD and ISD have established that an appeal should be filed, what happens next?
  - Who will file the appeal
    - CAD ******
    - Consultant (law firm, appraisal firm, school finance consultant, etc)
    - ISD
• The CAD and ISD should actually already have an idea, before the study is released, that if they would have to appeal, what do they want to do
• Neither entity can wait to decide
• Appeals are due to the Comptroller’s office 40 days after the release of the study (unless an extension is granted) Rule 9.4307 Texas Administrative Code
• The deadline for the 2014 PVS is March 11th.
Appealing

- A petition must be signed by:
  - The superintendent of the ISD, if it is an ISD appeal
  - The property owner and the agent, if it is a property owner appeal
  - The Chief Appraiser (if authorized by School District pursuant to comptroller rule)
- All properties are reviewed to determine if any adjustments can be made to values
- Entire PVS is reviewed as a whole (appraisal methodology and techniques)
- Submitted to Comptroller’s PTAD
Hearings

PTAD reviews the submitted appeal and agrees or disagrees with each property that is appealed.

- If the findings are then valid, the appeal is complete (assigned Local Value)
- If the findings are still invalid, informal hearings are conducted to discuss the items in the appeal that are not agreed upon
- If informal hearings are not agreed upon, formal hearings are conducted by hearing examiners at SOAH
Taxable Value Audits
Taxable Value Audits

A review of the Certified Property Value Study (PVS) findings of a school district under Government Code, Chapter 403 to determine if the findings should be changed.

- Texas Administrative Code
  - Title 34. Public Finance
    - Part 1. Comptroller Public Accounts
      - Chapter 9. Property Tax Administration
        - Rule §9.103: Audits of School District Taxable Property Values
Taxable Value Audits
Records Change Process

School District (Agent)

Texas Education Agency

Comptroller’s Property Tax Assistance Division
Audit Information

Why should a school district consider requesting an audit of their taxable value?

If:

1. Your school district granted exemptions
2. Your school district had ARB hearings that reduced your value
3. Your school district had lawsuits that were resolved
4. Your school district received over payments and/or erroneous payments
5. Bankruptcy’s were filed
6. Sheriff sales were held
7. Delinquent taxes occurred
8. Taxes were deferred
9. Your school district received state value
10. Your school district received local value
Most Importantly!

Your school district could receive additional funding adjustments from TEA.
Taxable Value Audit Request Form

At the time of submission, a school district request must include all documentation necessary for staff to complete the audit. A complete request must:

1. State the school district name;
2. Be signed by the school superintendent;
3. Name one agent;
4. State the property value study year in question;
5. State one effective date;
6. Include an amended school district report of property value accompanied by a statement summarizing the reasons for the corrections;
7. Include an amended report on value lost because of the school tax limitation on homesteads of the elderly accompanied by a statement summarizing the reasons for the corrections;
8. Include for appraisal districts that store appraisal roll information electronically, a computer-generated recapitulation;
9. Include for appraisal districts in which a recapitulation is not available, an appraisal review board change order, corrections, or supplement for each property changed since the date of the last School District Report of Property Value submitted to the comptroller, accompanied by the certification from the chief appraiser that communicated each change to the taxing unit, along with a copy of the tax record showing the original and amended value for each property changed for the tax year subject to the audit; and

10. Include a Chief Appraiser affidavit of value for School District Audit model form 50-303 (with the exception of audit requests filed after June 1 of the third year following the property value study year that pertain solely to final determinations in court cases)
What data do you need to file an audit?

1. Certified recaps (combined)
2. Uncertified recaps (combined)
3. Category classification breakdowns
4. Land Class breakdowns
5. Agriculture Land Class breakdowns
6. Utility classification breakdowns
7. Over 65/Disabled Frozen information
8. Deferred tax information
9. 78 timber values
10. Market value before the cap
11. Homestead Cap Value
12. Exemption breakdown
13. Tax increment Financing Agreement
14. Abatement information
15. Other applicable information (Appraisal firm recaps, etc.)
Audit Compilation

1. Prepare an amended Report of Property Value
2. Attach all documentation needed to prepare the amended report of property value
3. Complete and attach the all of the required forms
4. Attach the Taxable Value Audit Request Form with the Superintendent’s signature
5. Attach the Chief Appraiser’s Affidavit with notary
Audit Timelines

- Audits must be filed before July 1st of the third year following the certification of the applicable Property Value Study Findings by the Comptroller to TEA

- Example:
  - Based on 2014 Property Value Study:
    - August 2014 - Appraisal District certification of values to Comptroller
    - January 2015 - 2014 Property Value Study is released
    - July 2015 - 2014 Property Value Study is certified to TEA
  - 2014 Taxable Value Audits can be submitted from July 2015 (PVS certification to TEA) up until July 1, 2018
Number of requests and deadlines

- Up to 3 separate taxable value audit requests pertaining to the same property value study year may be submitted.

- Requests will be timely if received by the Comptroller’s Property Tax Division manager;
  - On or before June 30;
    - By United States mail or
    - By express mail.
After Submission

Comptroller issues Preliminary Findings

Agent reviews Preliminary Findings
- Waiver (if agree)
- Protest (if disagree)

CPTAD Adjusted Values are certified to Texas Education Agency

TEA adjusts values and issues funding to ISD
PBFCM Taxable Value Audits

- **2010**
  - 72 audits submitted
  - Resulting in funding increases of approximately $11,900,000*

- **2011**
  - 75 audits submitted
  - Resulting in funding increases of approximately $15,400,000*

*per Omar Garcia
ISD’s in ESC 1 that have benefited from a taxable audit

- HIDALGO ISD
- McALLEN ISD
Important Sources for Information

- Comptroller’s Property Tax Assistance Division
  - [www.window.state.tx.us](http://www.window.state.tx.us)
- Local Appraisal District
- Local Education Service Centers
Are there any questions?