

# How does the property tax system work?

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. A chief appraiser is the chief administrator and operates the appraisal office.
- A citizen board, called the appraisal review board (ARB), hears any disagreements between a property owner and the appraisal district about a property's value.
- Local taxing units—city, county, school and special districts—decide how much money they will spend by adopting a budget. Next, the units set tax rates that will raise the revenue necessary to fund their budgets. The adopted budgets and the tax rates set to fund the budgets determine the total amount of taxes that a person will pay.

The property tax year has four stages: appraising taxable property, protesting the appraised values, adopting the tax rates and collecting the taxes. The following represents a summary of the process.

1. A large part of each appraisal district's job is to estimate what your property is worth on January 1. What a property is used for on January 1, market conditions at that time and who owns the property on that date determine whether the property is taxed, its value and who is responsible for paying the tax. Your appraisal district also processes applications for tax exemptions, agricultural appraisals and other tax relief.
2. Around May 15, the appraisal review board begins hearing protests from property owners who believe their property values are incorrect or who did not get exemptions or agricultural appraisal. When the ARB finishes its work, the appraisal district gives each taxing unit a list of taxable property.
3. In August or September, the elected officials of each taxing unit adopt tax rates for their operations and debt payments. Several taxing units tax your property. Every property is taxed by the county and the local school district. You also may pay taxes to a city and to special districts such as hospital, junior college, water, fire and others.
4. Tax collection starts around October 1 as tax bills go out. Taxpayers have until January 31 of the following year to pay their taxes. On February 1, penalty and interest charges begin accumulating on most unpaid tax bills. Tax collectors may start legal action to collect unpaid taxes on February 1.