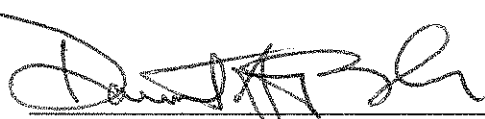


**Resolution of the Board of Directors in Support of Amending the  
Procedure for Determining a School District's Property Value**

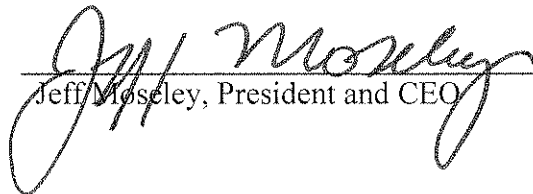
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The Greater Houston Partnership supports amendments to the Comptroller's Property Value Study that would exclude unequal appraisal determinations with significant variations that would negatively affect the validity and reliability of the study. The exclusion of these unequal appraisal determinations from the taxable property value calculation will reduce the likelihood that our regional school districts will be assigned invalid local appraisal values and, in turn, receive less state funding.



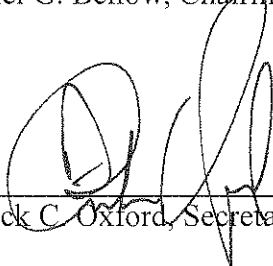
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Daniel G. Bellow, Chairman



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Jeff Moseley, President and CEO



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Patrick C. Oxford, Secretary

## MEMORANDUM

**DATE:** April 1, 2009

**TO:** Greater Houston Partnership Board of Directors

**FROM:** Roland Rodriguez  
Chairman, Tax and Fiscal Policy Advocacy Committee

**SUBJECT:** Resolution of the Board of Directors in Support of Amending the Procedure for Determining a School District's Property Value

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### RECOMMENDATION:

The Greater Houston Partnership supports amendments to the Comptroller's Property Value Study that would exclude unequal appraisal determinations with significant variations that would negatively affect the validity and reliability of the study. The exclusion of these unequal appraisal determinations from the taxable property value calculation will reduce the likelihood that our regional school districts will be assigned invalid local appraisal values and, in turn, receive less state funding.

### BACKGROUND:

Texas law requires the Comptroller of Public Accounts to conduct a Property Value Study (PVS) annually to assess a school district's taxable property value. Although the PVS does not directly affect the local tax structure, it impacts the amount of state funding a school district receives.

In performing the PVS, the Comptroller determines the estimated taxable value by subtracting specific exemptions and deductions from the market value of the property in the school district as estimated by the Comptroller. The Comptroller compares this state value with the local appraised value calculated by the central appraisal district (CAD). If the local value falls within plus or minus 5% of the state value, then the Comptroller will deem the local value valid. The local value will be used in calculating the amount of state aid only if considered valid. If the local value falls outside of the margin of error, then the state value will be used to calculate funding, decreasing the total amount awarded to the school district.

The discrepancy between the CAD's appraisal value and the Comptroller's estimated value can be a product of the Appraisal Review Board's (ARB) unequal appraisal determinations. Section 41.42(a)(2) of the Tax Code provides taxpayers with the right to protest an unequal appraisal of their property before the ARB. The appraisal district must prove by a preponderance of evidence that (*See Section 41.43(b)*):

1. The appraisal ratio of the property is equal to or less than the median level of appraisal of a reasonable and representative sample of other properties in the appraisal district;
2. The appraisal ratio of the property is equal to or less than the median level of appraisal of a sample of properties in the appraisal district consisting of a reasonable number of other properties similarly situated to, or of the same general kind or character as, the property subject to the protest; or
3. The appraised value of the property is equal to or less than the median appraised value of a reasonable number of comparable properties appropriately adjusted.

Should the appraisal district lose the equity protest, the school district's taxable value will decrease and produce a lower appraisal level than otherwise would have resulted. Consequently, this may cause the school district's appraised value to be outside the PVS margin of error, adversely affecting their state funding.

**IMPLEMENTATION:**

To implement this recommendation, the Partnership would communicate its support of this resolution to the Legislature.

**FISCAL IMPACT:**

School districts whose local appraisal values are not certified as valid by the Comptroller's office because of these unequal appraisal determinations will not only lose necessary state funding, but also must engage in a costly hearing process. Supporting this amendment to the Comptroller's Property Value Study provides our regional school districts with increased funding and enables the school districts to avoid costly appeals of Property Value Study determinations.

**KNOWN OPPOSITION:**

At this time, we know of no opposition to this amendment to the Comptroller's Value Study.

**RESOURCES REQUIRED:**

No resources are required to implement this recommendation.