

# ADJUSTMENTS TO THE APPRAISAL ROLL AFTER CERTIFICATION

## NOTE TO APPRAISAL STAFF: ALL CHANGES NEED SUPERVISOR APPROVAL

**To receive a reduction in the market, appraised, or taxable value, a property owner must comply with the tax payment provisions of PTC Sec. 25.26. Taxes for the year cannot be delinquent, and the property owner has the option of paying taxes based on their opinion of value.**

Once the Appraisal Review Board has approved the appraisal records (generally around July 20<sup>th</sup> of each year), the Property Tax Code does not allow for a late protest, even for good cause.

The only exceptions are: property owners continuously employed in the Gulf of Mexico for a period of not less than 20 days during which the protest deadline passed or serving on full-time active duty in the United States armed forces outside the US on the day the deadline passed.

### Chief Appraiser Change (PTC Section 25.25b)

The Chief Appraiser may change the appraisal roll at any time to correct a name or address, a description of property, or a clerical error or any other inaccuracy that **does not increase** the amount of tax liability. For errors that **decrease** the tax liability, the Chief Appraiser may make corrections for the current and five previous tax years only. Property taxes for each affected year cannot be delinquent. Types of errors that decrease a property owner's tax liability include:

1. Late-filed homestead exemptions that are permitted by law;
2. Corrections to the market, appraised, or taxable value of property that result in an error of 20 percent or more of the market value listed on the appraisal roll. Reductions in the market, appraised, or taxable value **cannot exceed \$10,000,000.**

Ownership change of an entire account or splitting-out a portion of ownership of an account is considered a Chief Appraiser Change. For split-outs, the total value of the accounts must not increase over the original value. The new owner is mailed notification of the change; however, this action cannot be protested to the ARB.

### 25.25c Motions (PTC Sec. 25.25c)

The appraisal records for the current and five preceding tax years may be corrected, providing property taxes for each affected year are not delinquent, for the following reasons:

1. Clerical errors that affect tax liability: A clerical error is defined as an error caused by a mistake in writing, copying, transcribing, computer data entry or retrieval, or a mathematical error that prevents the appraisal or tax roll from correctly showing the correct value. A clerical error is not a mistake in reasoning or judgment in making a finding or determination.
2. Multiple appraisals (double assessments): A multiple appraisal occurs when a property is listed in the appraisal records more than once for the same year resulting in a duplication of value.
3. Non-existent property: Non-existent property is property that does not exist either in the form or at the location described on the appraisal roll. For property to classify as not existing, the entire category of property cannot exist. For example: an account has a value of \$50,000 for four vehicles, but the owner actually only has three vehicles. An adjustment cannot be made unless all four vehicles did not exist. Also, this provision does not apply to inaccuracies in square footage.
4. An error in which property is shown as owned by a person who did not own the property on January 1 of that tax year.

### 25.25c-1 Motions

The appraisal roll for the current and two preceding tax years may be corrected for a personal property account that is the result of an error or omission in a rendition. The appraisal roll cannot be changed if the owner failed to **timely** file a rendition, a protest was filed and a signed agreement was executed or an ARB order issued, a 25.25c motion was previously filed and a signed agreement was executed or an ARB order issued, or property taxes are delinquent for the affected tax year(s).

## **Substantial Error (PTC Sec. 25.25d)**

A property owner may file a substantial error motion for the current tax year providing the appraised value exceeds the correct value by more than one-fourth for properties with a residential homestead exemption or one-third for all other properties. An easier way to state this is the error must be at least 20 percent of the market value as determined by the Appraisal District for properties with a residential homestead exemption or 25 percent of the market value for all other properties.

This motion must be filed before the taxes on the property become delinquent, which is generally before February 1, and the property taxes for the year must be current. Further, the property could not have been the subject of a protest filed prior to the normal protest deadline where a hearing was held, and the ARB issued an order of its findings. If a signed agreement on value was entered into, the property owner does not qualify to file a substantial error motion. If the ARB does make a change under this type of motion, the property owner must pay a late-correction penalty equal to 10 percent of the amount of taxes as calculated on the basis of the corrected appraised value.

## **Supplemental Appraisal Records (PTC Sec. 25.21- 25.23)**

Supplemental appraisal records are those properties that were omitted from the appraisal roll in either the current or prior tax years. We typically consider supplementals to be entire accounts that were omitted from the appraisal roll. However, a supplemental may be made to an existing account.

For example, for real property, if an existing property has two homes, and one home was omitted, the appraiser may supplement the second home. For personal property, if the existing account does not include any value for inventory, the appraiser may supplement the inventory value. Omitted property on an existing account does not include square footage inaccuracies or increases to an existing category of property.

If the appraiser is adding omitted property to an existing **land only** account, the omitted property is added to the existing land account. However, if the appraiser is adding omitted property to an existing account **with improvements**, the omitted property must be added as a separate account for the years being supplemented. The appraiser must then combine the accounts for the subsequent tax years. In the examples provided for an account with existing improvements, the home that was omitted will be supplemented as an improvement only account, and the inventory value will be supplemented as an inventory only account.

**An exception to these rules is that *any* omitted property may be added to the appraisal roll if requested by the property owner or agent in writing.**

Real property may be supplemented for the current and three (3) preceding tax years. Personal property may be supplemented for the current and two (2) preceding tax years.

A Notice of Appraised Value is mailed to the property owner, and the property owner is allowed 30 days to file a protest on any matter affecting value.

## **Protest on Notice of Change in Appraisal Records (PTC Sec 41.11)**

The tax liability of an account may only be increased after approval of the appraisal records for deleted exemptions. If a homestead or other partial exemption is deleted, the property owner has 30 days to protest this action. The property owner cannot protest any other issues affecting value.

If an absolute exemption is deleted, the property owner has 30 days to protest any action affecting value.

## **Failure to Receive Required Notice (PTC Sec 41.411)**

When property owners claim they did not receive a required notice from the Appraisal District, they may file a 41.411 protest. Examples of such required notices are: a notice of appraised value during a reappraisal year or during any other year if the value is increased, notice of the date and time scheduled for a protest hearing, and notice of the denial of an exemption or agricultural-use special appraisal.

A property owner may file a protest under Section 41.411 of the Property Tax Code at any time after the normal protest filing deadline but before the taxes for the year become delinquent, which is generally February 1. Property taxes for the year cannot be delinquent.

The ARB will schedule a hearing on the protest to determine whether or not the required notice was delivered. If the ARB determines that the notice was not delivered by the Appraisal District as required, then the ARB will hear any evidence concerning the property value or other matter at issue. However, if the ARB determines that the Appraisal District delivered the required notice, then the ARB cannot address the property value or other matter at issue.

**Joint Motions (PTC Section 25.25h)**

If the Appraisal District and property owner agree that an error was made on a property, the Chief Appraiser may correct the error for the current tax year only. The error must be 20 percent or more of the market value on the appraisal roll. Since the threshold for this adjustment is the same as a Chief Appraiser change, these motions are typically only filed to settle an account when the property owner has filed for arbitration.

## Exemptions (PTC Section 11.43(a))

If it is discovered that an exemption **that is not required to be claimed annually** has been erroneously allowed in any one of the preceding **five** years, the exemption can be deleted. The property owner will be sent a certified letter and will be given 30 days to protest this action. This provision covers most exemptions, but excludes historic exemptions, abatements, freeport property, and miscellaneous exemptions granted under PTC Sec. 11.23.

### DEFINITION OF CURRENT AND PREVIOUS TAX YEARS

The current tax year begins January 1<sup>st</sup> of each year. Example: 2019 became the current tax year on January 1, 2019.

25.25c motions and supplementals require ARB approval. Therefore, the current year is defined as the year the change is APPROVED by the ARB. For example, a supplemental change is submitted by the appraiser in November, 2019. The supplemental change will be approved by the ARB at their next meeting in March, 2020. The current tax year is 2020. So the change may be submitted for tax years 2015 – 2019 (5 previous years) and 2020 (current year).

Chief Appraiser changes are not submitted to the ARB. Therefore, the tax year on Chief Appraiser changes is determined by the date the change is made by the appraiser.

## FREQUENTLY ASKED QUESTIONS

### What Defines Current Year?

Chief Appraiser changes, 25.25c changes, and supplementals for real property can be made for the **current** and **five** previous years. Supplementals for personal property can be made for the **current** and **two** previous years.

The current year begins January 1 of the tax year and is calculated based on when the change is APPROVED by the ARB. Chief Appraiser changes are not presented to the ARB, so the current year is the year the appraiser submits the change.

For example: I submit a Chief Appraiser change in March, 2019. I can make a change to the current year, being 2019, and five previous years, being 2014 – 2018.

For 25.25c changes and supplementals, make sure you are aware of when the ARB will approve the change. For the majority of changes, the current year will be the year you submit the change. After the November ARB meeting, since the ARB will not be meeting again until the next year, the current year is the next year.

For example: I submit a personal property supplemental change in December, 2019, and the ARB will not be meeting again until 2020. I can make a change to the current year, being 2020, and two previous years, being 2018 – 2019.

### How Do We Handle Increases in Value After Certification?

You **CANNOT** increase the value of a property after the appraisal rolls are certified. You can only supplemental property or delete an exemption. You can, however, REALLOCATE value among properties.

For example: You can make a split-out of land or minerals accounts into other accounts, providing the values before and after the split out are equal. When submitting the change, you must run a calculation showing the before and after values to verify that the split-out did not increase value.

The new accounts are NOT supplementals and will not receive a Notice of Appraised Value. The property owner will receive notification of the reallocation of value, but they do not have the right to protest.

### How Do We Handle Exemptions Granted in Error After Certification?

An exemption that was granted in error can be deleted for five previous years. This applies to exemptions that do not need to be filed annually, such as; homesteads, charitable and religious organizations, and pollution control property. A certified letter will be mailed, and the property owner has 30 days to protest this action.

If the exemption must be filed annually, the District cannot delete the exemption after certification. Examples of exemptions that must be filed annually include: Historic exemptions, abatements, freeport property, veteran's organizations.

## **What Property Qualifies as a Supplemental Property?**

We typically consider a supplemental as an entire account that was omitted. However, a supplemental is actually any **property** that was omitted, and can include existing accounts. Examples of supplements to existing accounts include:

The District currently has an account on the appraisal roll for a property owner's personal property; however, none of the inventory value is on the appraisal roll. Or, for real property, if a property has two homes, and one home was omitted. In both of these cases, the appraiser may supplement the value of the omitted property. A supplement on an existing account does not include square footage inaccuracies or an increase to an existing category of property. If the account carries a value of \$10,000 for machinery and equipment, but the property owner has a piece of equipment valued at \$1,000,000 that is not on the appraisal roll, the appraiser cannot supplement this property.

If the appraiser is adding omitted property to an existing account, the omitted property must be added as a separate account for the tax years being supplemented. The appraiser must then combine the accounts for the subsequent tax years. In the examples provided, the home that was omitted will be supplemented as an improvement only account, and the inventory value will be supplemented as an inventory only account.

## **Attorney Opinion Pending on 25.25(c)(3) Errors – Property Does Not Exist in Form**

The handout on adjustments states that a 25.25(c)(3) motion, property does not exist either in the form or at the location described on the appraisal roll, must apply to an entire category of property. The attorney is currently reviewing this provision of the Tax Code, and we will let the appraisers know if we need to change how we handle these types of motions.

## **How Often Does the ARB Meet to Approve Changes?**

Other than during the protest period, the Appraisal Review Board meets four times each year. Below are the typically meeting dates:

January: Approve supplemental appraisal records and changes for all tax years

March: Hear timely-filed protests and 25.25 motions and approve changes for all tax years

September: Approve supplemental appraisal records and changes for all tax years; rendition penalty protest hearings

November: Hear timely-filed protests and 25.25 motions and approve changes for all tax years

Adjustments to the appraisal rolls are typically submitted to the Tax Office within two weeks of the ARB meetings.