

Texas Association of Appraisal Districts  
Conference – February 2022

Property Tax Assistance Division  
Shannon Murphy, Director  
Steven Shuffer, Legal Counsel  
Lorraine Miller, Field Operations Manager

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School District Property Value Study

- Purpose:
  - to help ensure equitable distribution of state funding for public schools
- Government Code Section 403.302.

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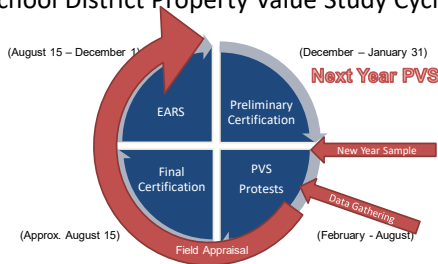
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School District Property Value Study Cycle



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### Field Operations

- Looks at the local properties within the School District PVS
- Sales ratio study supplemented with independent appraisals, if needed
- Independence between local values and sale prices or PTAD appraisals is vital to ensure equitable distribution of state funding for public schools.

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### Sample Sizes and Stratification

- Samples are generated for each tested local property category that contains at least \$250 million in value or at least 5% of ISD Value.
- Sample size requirements for each category are based on sample variability from the previous School District PVS.
- If sufficient data is available, it is further allocated to stratum within the category.
- Stratification ensures the sample represents the population of properties in the category.
- All properties in a sample do not need to be typical for the sample to be representative.

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### Sales Samples

- If there are enough sales within the standard or expanded time frame, the entire sample will consist of sales.
- Sales provide a more objective indication of market value than independent appraisals.
- PTAD utilizes a balanced time frame to ensure independence and reduce the importance of time adjustments.
- Use of sales obtained only from the CAD without an attempt to obtain sales from an outside source is prohibited.

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### Sources for Sales Data

- Subscription Services
- PTAD Sales Survey Letters
- Public data available on the internet
- CAD data

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### PTAD Appraisals

- If there is an insufficient number of sales to meet the parcel requirement, Field Operations will perform independent appraisals.
- Field Operations performs appraisals on randomly selected properties in the order they appear on a schedule provided by the Data Analysis Team.
- Field Operations appraisals are independent of the CAD appraisals.
- Data utilized to establish market value is analyzed and developed by PTAD.
- Field Operations appraisers should not be influenced by the CAD value when performing independent appraisals.

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### Sources for Appraisal Data

- Marshall & Swift
- Subscription Services
- Local Sales Data
- Real Estate Center at Texas A&M
- CAD data

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### Outliers in School District PVS Data

- Outliers are unusually high or low ratios – 2 standard deviations outside the mean.
  - Confirm there is not a PTAD error.
  - Correct any PTAD errors.
  - Confirm and verify all outliers that are sales transactions.
  - Remove any outliers that are the result of a non-market transaction.
  - Outlier sales verified as valid market transactions should remain in the School District PVS sample.
  - Outlier PTAD appraisals, once reviewed, should remain in the School District PVS sample.
  - No observation should be removed from the School District PVS sample simply due to having a poor ratio.

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### Time Adjustments in School District PVS Data

- IAAO Standard on Ratio Studies, Section 4.1, asserts that using a balanced time frame reduces the importance of time adjustments.

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### Time Adjustments in School District PVS Data

- PTAD will analyze the need for a time adjustment in certain circumstances:
  - Samples with an extraordinary time frame which consist of sales the CAD did not have or occurred after the Notice of Appraised Value date (Late Sales Samples).
  - A significant event occurs during the School District PVS time frame that indicates spikes or changes in sale prices over time.
  - PTAD will analyze the CAD's level of appraisal before and after any such event to ensure consistent reappraisal effort.

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### PVS Findings and Grace Period



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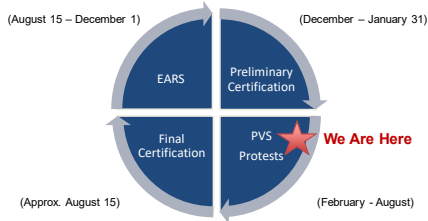
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### School District Property Value Study Cycle



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### Possible ISD Scenarios

- MAP cycle only
  - ISD split is within a CAD undergoing its regularly scheduled Methods and Assistance Program (MAP) review
- School District PVS cycle only
  - ISD split is within a CAD undergoing its regularly scheduled school district PVS study
- Both MAP and School District PVS
  - ISD was invalid in preceding School District PVS and is being studied during its MAP year
- None
  - ISD split is within a CAD undergoing its regularly scheduled School district PVS but includes less than 10% of total ISD value

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### Possible School District PVS Findings

- Valid findings resulting in local value:
  - MAP
  - School District PVS
- Invalid findings resulting in local value:
  - Grace Year 1
  - Grace Year 2
  - Local greater than State
- Invalid findings resulting in state value:
  - State

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### Grace Period Eligibility

“Eligible school district” is defined in Gov’t Code §403.3011(2) and meets 4 statutory conditions:

- ISD is invalid in most recent school district PVS;
- ISD was valid in its two preceding school district PVS;
- CAD passed mandatory requirements of most recent MAP review; AND
- Local test value is above 90% of lower threshold of the margin of error

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### Grace Period Eligibility

2021	2022	2023	2024	2025	2026	2027
SDPVS	MAP	SDPVS	MAP	SDPVS	MAP	SDPVS
Grace Y1	SDPVS & MAP	SDPVS (No Grace)	MAP	SDPVS Eligible for Grace	MAP	SDPVS
Grace Y1	Grace Y2	SDPVS (No Grace)	MAP	SDPVS (No Grace)	MAP	SDPVS Eligible for Grace
Grace Y1	Grace Y2	State	SDPVS & MAP (No Grace)	SDPVS (No Grace)	MAP	SDPVS Eligible for Grace
Grace Y1	Grace Y2	State	State	SDPVS (No Grace)	MAP	SDPVS (No Grace)

Regular Cycle    Invalid Finding    Future Cycle and Grace Eligibility

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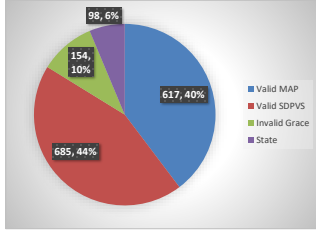
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SDPVS 2021 Preliminary Findings



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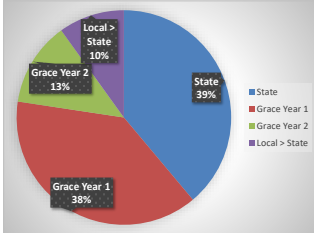
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SDPVS 2021 Preliminary Findings - Invalid



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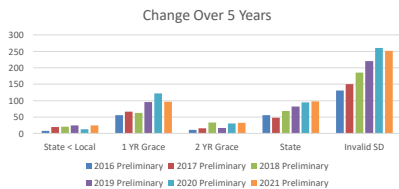
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2021 SDPVS Preliminary Summary



\* SDPVS findings are reported by school district. If a school district's boundary overlaps two or more appraisal districts, the school district's findings are split to only include the property located within a single appraisal district.

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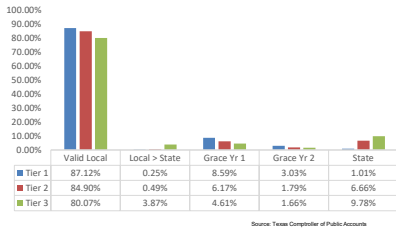
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### 2021 SDPVS Preliminary Findings, by Tier



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### Who Can Protest

- School Districts
  - Self-report protest
  - Property category protest
- Property Owners
  - \$100,000+ tax liability within same school district and same property category

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### Protest Benefits for Invalid ISDs

- With a flip to valid finding, invalid ISDs can:
  - avoid inclusion in off-cycle school district PVS study.
  - protect future grace period eligibility.
- State value ISDs can mitigate financial impact to FSP payments.
  - Approximately \$1 in state aid per \$100 certified property value difference\*
- CAD Board of Directors are not required to hold a public meeting for valid findings.

\* Estimate subject to various other school finance considerations

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### Self-Report Protest Benefits

- Many data points that impact TEA funding do not impact School District PVS assigned status.
  - e.g. value of residence homestead exemptions
- Accurate information ensures full and timely FSP funding from TEA.
- Corrections to data may prevent the need for future School District PVS audits.

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### 2019 School District PVS Findings

	2019 PVS Preliminary	2019 PVS Final	Amount of Change
Valid School Districts	1,336	1,391	4.0% increase
Invalid School Districts	220	165	25.0% decrease
State	82	58	-29.2%
Grace Year 1	96	71	-26.0%
Grace Year 2	17	16	-5.9%
Local > State	25	20	-20.0%
<b>T2 Value</b>	<b>\$2.845 trillion</b>	<b>\$2.830 trillion</b>	<b>\$15 billion decrease</b>

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### 2020 School District PVS Findings

	2020 PVS Preliminary	2020 PVS Final	Amount of Change
Valid School Districts	1,295	1,353	4.5% increase
Invalid School Districts	260	202	22.3% decrease
State	95	61	-35.8%
Grace Year 1	122	101	-17.2%
Grace Year 2	30	25	-16.7%
Local > State	13	15	+15.4%
<b>T2 Value</b>	<b>\$3.006 trillion</b>	<b>\$2.989 trillion</b>	<b>\$17 billion decrease</b>

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### ADDITIONAL MAP REVIEW

State value for 3 years

Targeted review

Determine underlying issues or challenges

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### School District PVS Protest Process

- School District PVS protest process is:
  - authorized by Gov't Code §403.303 and
  - detailed in Comptroller's Subchapter L rules.
- By law, petition must be filed not later than the 40th day after preliminary certification.
  - specify grounds for objection
  - specify value claimed to be correct

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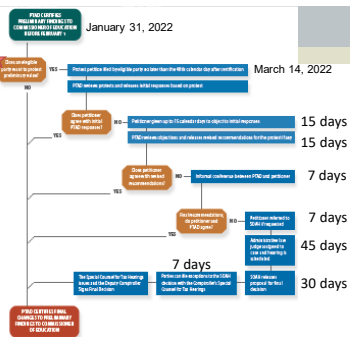
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We Are Here



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### Petition Elements

- Part A
  - Identifies petitioner and authorizes agent
- Part B
  - Lists objections and requested relief in detail
- Part C
  - Documents all supporting evidence

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The petitioner identifies the value given by the school district's Property Value Study Findings for its school district on property, pursuant to Government Code Sections 403.003 and 24.006 Administrative Code Sections 9.0031 & 9.0032. The petitioner submits this petition in three parts - Part A, B and C.

School District  Property Owner (If you are the Government Code Section 403.003(a) Property Owner)

Petitioner's Name: \_\_\_\_\_ Petitioner's Address: \_\_\_\_\_  
 Petitioner's Email: \_\_\_\_\_  
 Petitioner's Phone Number: \_\_\_\_\_

Employees Point of Contact for Petitioner: \_\_\_\_\_ Petitioner's Phone Number: \_\_\_\_\_  
 School District's Number: \_\_\_\_\_

Name of School District Where Property is Located: \_\_\_\_\_ Name of Appraisal District Where Property is Located: \_\_\_\_\_  
 Petitioner's consent for all protest communications (check only one):  Designated Agent  Employee

Designated Agent or Employee Name: \_\_\_\_\_ Designated Agent or Employee Email Address: \_\_\_\_\_  
 Designated Agent or Employee Mailing Address: \_\_\_\_\_ Designated Agent or Employee Physical or Delivery Address (in separate column): \_\_\_\_\_  
 Designated Agent or Employee Phone Number: \_\_\_\_\_ Designated Agent or Employee Alternate Phone Number: \_\_\_\_\_ Designated Agent or Employee Fax Number: \_\_\_\_\_

**Total Values**

For protest filed by school district: \_\_\_\_\_ \$  
 For protest filed by property owner: \_\_\_\_\_ \$  
 Total property value protestable value is correct for its property: \_\_\_\_\_ \$

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School District PID Year: \_\_\_\_\_  
 School District Name: \_\_\_\_\_  
 School District Number: \_\_\_\_\_  
 Appraisal District Name: \_\_\_\_\_  
 Appraisal District Number: \_\_\_\_\_  
 Property Owner Name: \_\_\_\_\_  
 Agent Name: \_\_\_\_\_

Property Category: \_\_\_\_\_  
 PID PID for this Property Number: \_\_\_\_\_

Property Category Legend:  
 1 - New Property, Single-Family Residence  
 2 - New Property, Multiple-Family Residence  
 3 - New Property, Industrial/Office/Professional  
 4 - New Property, Special-Use/Recreation/Amusement  
 5 - New Property, Part and Parcel Improvements or Gravel/Production Land  
 6 - New Property, Farm and/or Livestock Production and Structures  
 7 - New Property, Commercial  
 8 - New Property, Other Use  
 9 - New Property, Mobile Home/Trailer  
 10 - Existing Property, Commercial  
 11 - Existing Property, Industrial/Office/Professional  
 12 - New Property

Petitioner asserts its Objections to APPRAISAL VALUE DETERMINATIONS for the Property Category above and provides its Objections to Support as follows:

Objection Number	Property Category	Appraisal District	Appraisal District Number	Appraisal District Name	Appraisal District Address	Appraisal District Phone Number	Appraisal District Email Address	Appraisal District Website
1								
2								
3								

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**Glenn** Part C Form 50-210-c

**Cover Sheet for Evidence Attached**

**School District Information**  
 School District Name: \_\_\_\_\_  
 School District Number: \_\_\_\_\_

**Appraisal District Information**  
 Appraisal District Name: \_\_\_\_\_  
 Appraisal District Number: \_\_\_\_\_

**Property Objection Information**  
 PVS Year: \_\_\_\_\_  
 Property Category: \_\_\_\_\_  
(Select only one: A, B, C1, D1, D2, E, F1, G1, J1, L1, or SR)  
 Objection Number: \_\_\_\_\_  
 Property ID or Company ID or Land Class: \_\_\_\_\_  
 Evidence ID: \_\_\_\_\_  
Document Page Number(s) or Exhibit Name

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**Glenn Hegar** Texas Comptroller of Public Accounts

### School District PVS Protest Rejections

- Rejection of an objection is uncommon.
- Rejection of entire petition is rare.
  - Rule 9.4309 states that petitions that are rejected in their entirety may request a referral to SOAH **within fifteen (15) calendar days**.

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**Glenn Hegar** Texas Comptroller of Public Accounts

### School District PVS Protest Rejections

- Common causes for rejection:
  - Objecting to values by stratum or location instead of by specific sample property ID
  - Objecting to study procedure instead of specific value determination
  - Objecting within the wrong category
    - e.g. SR correction requested within CAT A objections
  - Not listing specific correction requested

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