

Texas needs real appraisal reform

The current system of assessing property taxes is unfair and indefensible.

As they have in previous legislative sessions, state Rep. Mike Villarreal and state Sen. Jeff Wentworth will try to bring fairness and accuracy to the state's system of determining property taxes. If fellow lawmakers in the 81st Legislature have been listening to the complaints of their constituents, they'll finally adopt some much-needed reforms.

Villarreal, a Democrat, and Wentworth, a Republican, have long advocated mandatory price disclosure for property sales. Sales information is readily available to appraisal districts for most residential properties. This permits the districts to assess values close to true market value

But sales information is spotty for high-end residential property and almost non-existent for commercial property. Lacking market data, appraisal districts must rely on methods of assessment that are less accurate and invariably understate the value of these properties in relation to standard residential properties.

Research by Bexar County Chief Appraiser Michael Amezcua found that, statewide, commercial property is assessed at only 60 percent of fair market value. Residential property, however, is assessed at 85 percent of fair market value. Most homeowners bear the cost of this undervaluation of high-end and commercial property — estimated at \$4.5 billion in 2005.

Making the disclosure of sales

information mandatory on all properties would level the playing field, provide appraisal districts with more information to calculate valuations and equalize the tax burden on all property owners.

This time, Villarreal is proposing draft legislation that goes further: It would create an oversight office that standardizes the procedures of the state's 252 appraisal districts. That's a common complaint even among the anti-disclosure lobby — that similar properties can have vastly different assessments from different appraisal districts.

Villarreal's measure would also add transparency to the appraisal process and give taxpayers more information and greater standing in appealing valuations.

Opponents of true appraisal reform dishonestly claim disclosure is simply an effort to raise taxes. Property owners should be clear: Appraisal districts are required by law to determine market values. Elected officials set the tax rate on those values.

No one likes paying taxes. The best that can be hoped for is a system that is equitable and transparent and that empowers voters to hold taxing authorities accountable. The present system does none of these.

By shifting the blame to appraisal districts, opponents of disclosure are defending a status quo that is unfair and inaccurate. With Texans feeling the pinch of the economic downturn, it's time to end the charade and give Texas property owners real appraisal reform.