COVID-19 and Its Impact on Texas Property Taxes

Rendition Deadlines
Due to the impact of COVID-19 on Texas businesses, the deadline to file business personal property (BPP) tax renditions has been extended from April 15th to May 15th by more than 20 appraisal districts (CADs), including most major metro counties.

If you have BPP in counties that have not granted this automatic extension, you may request this 30-day extension in writing (or in some cases online). If you submit the extension by mail, it must be postmarked by April 15th and obtain proof of the timely mailing (e.g., via certified mail).

The appeals process, both informal appeals and ARB hearings, will likely be more challenging than usual.

Appeal Challenges
Naturally, public health guidelines will impact assessors’ ability to host formal Appraisal Review Board (ARB) hearings in person as usual.

Texas does not have a clear provision for holding such hearings by teleconference or other electronic means. However, based on information from CADs, it seems likely that such accommodations will be made by most CADs.

The appeals process, both informal appeals and ARB hearings, will likely be more challenging than usual. Therefore, it is more important than ever to take advantage of assessment minimization beginning with renditions that present fair market value rather than default cost-depreciation, which cannot account for all obsolescence.

Higher Tax Rates
For 2020 and 2021, forget about the new 3.5% tax revenue rate limit that was set by Senate Bill 2 last year for cities, counties and other taxing entities.

The Governor’s emergency declaration gives those entities (all except schools) the opportunity to increase tax rates to achieve the former revenue growth rate limit of 8% without taxpayer approval! This is another reason to be vigilant about the assessed value of your property.

Bottom Line
You can improve your business’ bottom line by achieving property tax assessments on your fixed assets and inventory that are significantly lower than the default valuation.

Tax assessors utilize mass appraisal techniques that cannot account for depreciation and obsolescence from all causes, and for inventory the default is cost = value. Yet the Texas tax code defines property assessment in terms of market value, as in value-in-exchange, which should account for all physical, functional and economic obsolescence.

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Leveraging Market Data

In our two decades of experience, the over-valuing from mass appraisal of business personal property is often 25% or more compared to fair market value. So, it is incumbent on each taxpayer or their tax agent to thoroughly study and present evidence of market value.

Therefore, we at Tax Advisors Group conduct annual appraisal studies of all types of fixed assets and inventory categories.

We use the market data to compare values by account up-front and then present those market values on renditions that we file, and we are prepared in advance to defend those positions.

This is significantly more effective than waiting until the initial assessment is set and appealing it later, especially this year given all of the complications caused by COVID-19.

It is incumbent on each taxpayer or their tax agent to thoroughly study and present evidence of fair market value.

Tax Advisors Group is a leading property tax consulting firm with a national reach that specializes in minimizing Texas business personal property taxes.

A member of the Texas Retailers Association, TAG serves clients nationally in all areas of property tax consulting with an emphasis on organizations that have significant operations or holdings in the state of Texas where business personal property should be taxed at current market value annually, and substantial savings realized using TAG’s proprietary Tag It™ methodology.

If you would like to learn more about this, please contact us soon while there is still time to significantly reduce your 2020 property tax liability in Texas. Even during all the current challenges the world is facing, we are ready and equipped to serve you right away!

We know this is a very difficult time, especially for most retailers, and we wish all of you the very best.