

"A Name You Can Trust"

Litigating or Arbitrating Your Property Tax Value

By Paul Bettencourt



Was your Appraisal Review Board (ARB) hearing result too high? Did your evidence support a lower value? You may be a good candidate for litigation or arbitration.

Whether the economy is trending up or down, there are always opportunities to reduce your property taxes. In Texas, property taxes can average around 40% of total business tax expenses. They are a large component of your expenses that can be challenged and changed.

The property tax system allows you three opportunities to lower your property tax valuation:

1. Informal Hearing - The property owner or their representative negotiates one-on-one with a county appraisal district (CAD) appraiser.
2. Formal Appraisal Review Board (ARB) Hearing - The property owner or representative and the CAD appraiser each present their evidence to the ARB panel.
3. Litigation or Arbitration - If the property owner is not satisfied with the results of the formal ARB hearing, they can file litigation or arbitration as a third and final appeal in the protest process.

You have 60 days to file litigation or arbitration from the date of your ARB hearing order. It is important to hire a team that has experience in property tax judicial appeals to successfully navigate the different options available.

The judicial appeal process can be complex and hiring someone who understands the system can help tremendously when choosing the best course of action. Here are a few things to consider:

1. Commercial, industrial, business personal, or non-homestead residential property up to \$5,000,000 in value can be arbitrated by a property tax agent without hiring legal counsel. Homestead residential properties have no limit when filing for arbitration.
2. Litigation may be filed on any sized property.
3. Does your property tax agent have a track record of success in this area? Not all property tax agents have done arbitration or managed litigation, so always ask about their experience and track record. Knowing how to prepare evidence packages and present them can lead to a better chance of success.
4. Review your evidence with a property tax agent that can do litigation or arbitration to determine if it supports filing.

BTA's Senior Property Tax Consultants and Tax Agents are especially trained in the BTA Way to save you money on Litigation and Arbitration.

Litigation settlement agreements can be arrived at in different ways: court-ordered mediations, settlement conferences, negotiated agreements-- and, rarely, actual trials. A successful outcome can depend on the team you assemble and their ability to navigate the different venues. A well-integrated relationship between the property tax agent and litigation attorney is key to winning. In Texas, the attorney of record must be hired by the building owner(s) and cannot be a property tax consultant, so it is important that both parties are knowledgeable and can work well together.

If you have never filed litigation or arbitration, don't worry. It is more common than you think. A significant percentage of all civil litigation at the county courthouse is property value appeals. For example, in Harris County that amount is nearly 25%.

With the right representation and evidence, filing a judicial appeal can save you nearly 10% on average. Every \$1,000,000 in value reduction saves approximately \$25,000 in property taxes. Lowering your property taxes can greatly affect your bottom line. So, after your formal hearing do not hesitate to file arbitration or litigation if you have a case for further reduction because it gives you another opportunity for a property tax cut!

Bettencourt Tax Advisors, LLC has specialized in Litigation and Arbitration since 2011.