

## How Can a Successful Value Appeal Result in a Higher Tax Bill Than Estimated?

The Texas Constitution in Article 8, Section (1e) prescribes how the local option homestead exemption is to be calculated:

(e) The governing body of a political subdivision, other than a county education district, may exempt from ad valorem taxation a percentage of the **market value** of the residence homestead of a married or unmarried adult, including one living alone. ...

This calculation usually gives the maximum benefit available under the law. However, when the value of a homestead is capped below the market value, protesting your property's value and receiving a market value reduction can lessen the homestead exemption amount and actually increase its taxable value. **How can this be?** If the market value is reduced, the resulting calculated exemption amount is less and results in an increase in tax amount. Below is an example of a situation such as this.

Beginning Value								
Taxing Units	Market Value	Assessed Value (Last year's Appr Value + 10%)	State Mandated HS Amount	Local Option HS %	Calculated Local Option HS Amount (Market Value * Local Option HS %)	Taxable Value (Assessed Value - State mandated HS Amount - Local Option HS Amount)	Tax Rate	Calculated Tax Amount
Bexar County RD & Flood	300,000	220,000	3,000	20%	60,000	157,000	0.023668	\$37.16
San Antonio River Authority	300,000	220,000		4%	12,000	208,000	0.018360	\$38.19
Alamo Community College	300,000	220,000				220,000	0.149150	\$328.13
University Health System	300,000	220,000				220,000	0.276235	\$607.72
Bexar County	300,000	220,000		20%	60,000	160,000	0.276331	\$442.13
City of San Antonio	300,000	220,000		10%	30,000	190,000	0.541610	\$1,029.06
Northside ISD	300,000	220,000	40,000			180,000	1.190100	\$2,142.18
<b>Total</b>								<b>\$4,624.57</b>

After a Reduction in Market Value								
Taxing Units	Market Value	Assessed Value (Last year's Appr Value + 10%)	State Mandated HS Amount	Local Option HS %	Calculated Local Option HS Amount (Market Value * Local Option HS %)	Taxable Value (Assessed Value - State mandated HS Amount - Local Option HS Amount)	Tax Rate	Calculated Tax Amount
Bexar County RD & Flood	275,000	220,000	3,000	20%	55,000	162,000	0.023668	\$38.34
San Antonio River Authority	275,000	220,000		4%	11,000	209,000	0.018360	\$38.37
Alamo Community College	275,000	220,000				220,000	0.149150	\$328.13
University Health System	275,000	220,000				220,000	0.276235	\$607.72
Bexar County	275,000	220,000		20%	55,000	165,000	0.276331	\$455.95
City of San Antonio	275,000	220,000		10%	27,500	192,500	0.541610	\$1,042.60
Northside ISD	275,000	220,000	40,000			180,000	1.190100	\$2,142.18
<b>Total</b>								<b>\$4,653.29</b>
<b>Difference</b>								<b>\$28.72</b>

This situation still results in a significantly lower tax bill in comparison to not having a homestead exemption or the entity not having adopted one in the first place. A market value reduction does not always provide a financial benefit to the owner as in the example above. **Please consider this when determining whether or not to protest.**