

OUR FUTURE DEPENDS ON REAL VALUES

WHAT COULD SAN ANTONIO DO TO IMPROVE SCHOOLS, STRENGTHEN PUBLIC HOSPITALS, AND MAKE CITY SERVICES WE ALL RELY ON BETTER?

We can take a hard look at how our property tax system is working against ordinary residents and homeowners – and advocate for reforms so everyone pays their fair share.

In Texas, everyone who owns a house, an office building, or other real estate is *supposed* to pay property tax based on the value of the property. It's an important way San Antonio pays for public services that benefit everyone in our community.

On the surface, our property tax system *seems* fair. Appraisals for houses tend to be pretty accurate, so the amount most homeowners pay is fair.

However, large commercial property owners devote a lot of resources to driving down their property tax bills – and it pays off.

Property sales prices are not public in Texas, so appraisal districts have a difficult time pinpointing the real market value of property.

Large commercial property owners take advantage of this lack of information. Many owners appeal their appraised values every year, and more often than not, their appeals are successful. Owners

do not have to prove that their valuation is wrong. They just have to find other “comparable” properties assessed for less, even if those appraisals might also be inaccurate. As a result, property valuations for the whole category of commercial properties are driven down.

If large property owners' appeals don't work – and even sometimes when they do – many sue for further reduction on their taxes. These cases often settle because appraisal districts don't have the resources to fight for what is fair.

The J.W. Marriott Resort here in San Antonio reportedly cost over \$600 million to build, but in 2011 it was appraised at only \$150 million. Still, the owners sue over its appraisals each year, according to the *San Antonio Express*.

An office building at 5859 Farinon Drive is another example. It was sold for \$18.1 million last year, yet in 2013, owners paid property taxes on a value of only \$11.3 million – or 62 percent of the purchase price.

Commercial properties in the state are being taxed at an average of only 60 percent of their actual value, according to research by the Texas Association of Appraisal Districts and the *Houston Chronicle*.

This is good for the owners, but bad for our community.

When commercial property owners fail to pay



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their fair share, it deprives our city of much-needed funds and puts increased pressure on homeowners to make up the difference.

Our kids' classrooms get more crowded. Some schools are forced to close. Library hours are reduced. Wait times are longer in public hospitals. City services that we all count on are cut back.

How do we change this? We need our city, school districts, and local officials to get off the bench and commit to fighting for property tax reform at the state level. Real estate sales information should be public and we need to improve the appeals process to make sure large property owners pay taxes on the real values of their property. ♦

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WHERE OUR PROPERTY TAXES GO

OVER HALF PUBLIC SCHOOLS

PARKS
STREET LIGHTS
EMERGENCY SERVICES
COMM. COLLEGES
PUBLIC HOSPITALS

REAL VALUES FOR TEXAS