



Gilbert ([00:00](#)):

Howdy everyone, and welcome to episode 35 of our Get Real podcast. Our guest today is Gary Rivas, president of the Southwest Business Corporation Ad Valorem Tax Advisors. Gary has over three decades of property tax representation and real-world multi-angle experience from the taxpayer government and consultant perspective. Gary, thank you for joining us.

Gary ([00:21](#)):

Oh, glad to be here today. Thanks for the invite!

Gilbert ([00:23](#)):

With 30 years. I have a lot of questions for you on regards to my 2023 notice of appraised value, which we just got. So I want to give you the chance, though, to tell us a little bit about how you got to being 30 years in working in this industry if you will.

Gary ([00:40](#)):

Well, I don't know too many people that get into the property tax consulting business on purpose. It seems like we all found our way in the industry and for me, I learned that really fast. At the age of 19 years old I got my real estate license, this is back in 1984. And I quickly realized that I wasn't the best real estate salesperson out there <laugh>. Okay. It tended to conflict with my personal life, but so I got into real estate and I did that actually for about four or five years full-time. And lo and behold, I ran into some appraisers and I was intrigued by the appraisal industry that I wanted immediate results. So I ended up working at the Bear County Tax Office for a couple of years, and then that was followed up by working a couple years at the Bear Appraisal District. And from that, I learned about what property tax consultants were. And wow. I like being on that side of the table helping taxpayers with all the problems and things that I didn't necessarily agree with that I discovered at the appraisal district.

Gilbert ([01:59](#)):

So now those notices just went out recently. They're probably getting a lot of phone calls on it. Can you say what you're seeing already for the 2023 appraisal year?

Gary ([02:11](#)):

Absolutely. get ready cuz the values are coming again. We saw, I believe record years of increases last year where we were upwards of 20 to 30% valuation increases. I we're not seeing that level of increase yet, but we are seeing in the range between 15% and 25% from a residential perspective, which is still very healthy increases. All that's driven by market data supposedly. So the sales are still out there. There's not as many as there used to be, but they're still high. The values are holding.

Gilbert ([02:49](#)):

How much do you think that's gonna cost taxpayers in the pocket range? Of course.

Gary ([02:54](#)):

Well, it's a hard question to ask because there's so many variables involved with that. That could be dependent on where you're located based on the tax rates that are involved. If you're an incorporated city, say city of San Antonio in a San Antonio North side, Northeast School district, you're probably paying about a 2.5% tax rate versus people out in the county may be under 2%. The level of sales are gonna be more concentrated in your metro areas, in your conforming subdivisions or higher volume of sales versus more rural type properties. Exemptions also come into play in determining how much your taxes actually go up. And that could range from your standard homestead exemption which saves you quite a bit of money. But also people who may enjoy the over 65 exemption or perhaps a disabled veteran or a disability exemption, those exemptions can be quite substantial and watered down quite a bit.

Gary ([04:03](#)):

That increase in value that at first glance looks like it's gonna be pretty devastating. Another thing that has also happened is based on the prior legislative session, tax rates have actually started to come down. And I'm not talking just a little bit, they, they're noticeable I'm saying they're shaving off \$300 to \$500 off what you could have been paying in taxes just two years ago. So a combination of all that just the sticker shock of seeing the value increase does not necessarily translate into your taxes going up an equal amount.

Gilbert ([04:42](#)):

So all this talk about tax relief that we're hearing at the legislature or city council, none of that is for this year either, right? If that goes into a place we're talking next year?

Gary ([04:51](#)):

No, it could be for this year. They could make it retroactive. They can do anything they want, but most of the bills that we're seeing appraisal caps more tax rate compression would most likely happen this year for 2023. Okay. So, yeah they'll enact it most likely in September. But a good, good chunk of that could, I won't say will, because it, it remains to be seen, you know, what's going to happen with the house having a very different plan than the Senate. The governor has his plan and then the speaker of the house. You've got so many perspectives on how they should provide the largest property tax cuts in history. So we don't know where that dust is gonna settle just yet.

Gilbert ([05:43](#)):

We're gonna keep an eye on that. But where I was going was this idea of, okay, so we're not sure about what's gonna happen as far as tax relief. One of the ways, though, to help yourself out is to actually protest your appraised value. I want to encourage people to do that, and I want us to kind of talk about this note that we get, we get our 2023 notice of appraised value, and I just see a whole bunch of numbers all the time. I've learned now how to look at this, but the first time, you know, first time home buyer, or even if I didn't pay attention regularly, all of this stuff is kind of, it's a lot. So what do I pay attention to? There's the structure, there's the land, there's last year, there's proposed <laugh>. I mean, what do you, what do you tell consumers to look at when they get this notice?

Gary ([06:29](#)):

I completely agree with you, Gilbert, that this is quite confusing when you see, you know, I'm looking at a notice here in front of me (appraisal information). They've got so many different types of values. What the heck does all this mean? But at the end of the day, the appraisal district is charged with determining what is the market value of your property as of January one. So at the end of the day, all we really care about is the total market value that's in about the middle of that appraisal information column on your notice of appraised value

Gilbert ([07:02](#)):

Right there in the middle.

Gary ([07:02](#)):

Yeah. That total market value takes into account the value of the land and any improvements that may be upon that land. It also takes into account those properties that may enjoy in agricultural exemption or wildlife exemption. They have special valuations that would also be factored in. But for most people who don't enjoy those types of exemptions, it's just your land value, your improvement value equals your total market value. So it would help to compare last year's value with this year's proposed value. And by that number, you can, number one, identify the dollar difference, and then you may want to convert that into a percentage to see what percentage increase that I have. Just for knowledge sake, you're developing your foundation to get an idea of what you're looking at. Now, the information below that, there is an appraised value. There's a homestead cap value, then it's, it will also show what exemptions that the property may qualify for.

Gilbert ([08:08](#)):

So if your exemptions are blank and you believe you qualify for one, you need to get, you need to talk to them.

Gary ([08:14](#)):

Absolutely. You need to understand what exemptions are available to you. I'll run through those, some of those very quickly. At the very least, if you own your residence you occupy it as, as your primary domicile, then you probably are deserving of a homestead exemption.

Gilbert ([08:33](#)):

So there should be an HS.

Gary ([08:34](#)):

There should be an HS in that column. Right. for those who may have an over the age of 65 and you qualify for the same reasons that you qualify for homestead. They may, I forget the notation on that. They don't try to identify people as being over 65 anymore. You readily could see O65 and they've gone away from that. And it now may say other exemptions simply because this information is open to the general public and they're trying to prevent somebody from targeting elderly people-

Gilbert ([09:11](#)):

And taking advantage of them.

Gary ([09:11](#)):

Right. So they're trying to work around that a little bit. But you also may be, may see a dv, which is a disabled veteran other exemptions that you might qualify for. If you have a question, the appraisal district is a great source to call just to inquire basic information. Say, Hey, I'm a former veteran, I have a disability. Do I qualify for any exemptions? I'm over 65 and so forth. They could point you in the right direction.

Gilbert ([09:38](#)):

Now, I've gotten this notice because essentially they're saying, Hey, here's the number, and there's some dates on the bottom, which I think is why we really wanna hope our listeners are paying attention to is these dates and this protest. So tell us about the deadline for filing location of hearing ARBR, these dates that are down there.

Gary ([09:55](#)):

Right. the first thing I do when I get my notice is I highlight the deadline for filing a protest, May 15th. I've been doing this for over 30 years, and I still highlight it just to get it in my brain that I can't miss my own deadline. <Laugh>. That is a hard and fast deadline. There are some recourse if you miss your deadline, but they're, they're, they're not favorable to you. And there may be some benchmarks that you may or may not be able to reach that might preclude you from getting any relief at all. If you fail to receive a notice, there's an opportunity to protest that, "Hey, I never got my value notice." Again, those are iffy cuz how do you prove that you didn't get a notice? When they have your correct mailing address on there.

Gilbert ([10:39](#)):

yeah.

Gary ([10:39](#)):

Hard argument to win. But there's also another method where if you believe that your house is appraised at one fourth greater than its true value, then you could qualify for a late protest. There's criteria that you gotta qualify for. Let, let me put that in simple math. Let's just say your home is valued at a hundred thousand dollars and you believe the correct value should be 80,000. So the difference between that hundred that the appraisal district proposed, and your opinion of 80,000 is \$20,000. 20,000 divided by 80,000 is 25%. So you would need, in order to have a successful protest, you would need to have an \$80,000 value or less in order for it to qualify. If it was \$80,001, guess what? You don't qualify. It didn't meet the threshold for them to change the appraisal role. So it is an option, but

Gilbert ([11:44](#)):

It's better to just meet the deadline. <laughs>

Gary ([11:45](#)):

Just meet the deadline. <laughs>

Gary ([11:49](#)):

ARB hearings you know, they'll start the ARB for those that you may not know is an appraisal review board. They're supposedly unbiased citizens who basically sit as a judge and jury and they weigh your evidence and make a determination if you're not able to resolve the appraisal dispute with the appraisal district.

Gilbert ([12:12](#)):

And they're the informal hearing process, right? Like, so you're gonna try and get there before you're gonna try and get this solved before you get to that ARB date.

Gary ([12:19](#)):

Absolutely. You know when covid caused many things a few years ago, and the appraisal district will look at it as a way that they learn some new efficiencies. And if you've ever been down to the appraisal district back in the old days, it could be a mad house. There were so many people down there, lots of angry people, upset lots of waiting. And so what the appraisal district has shifted to is more of an online type process. The doors are still opened for customer service type items, applying for exemptions, filing protests. But generally speaking, you can't just go down there and say, I want to go talk to an appraiser and try to work this out. You can still exercise that option, but you have to do it through their online portal system.

Gary ([13:08](#)):

And to do that, you need to go to the appraiser district website, bcad.org. It's a great tool, but it will walk you through the steps that you need to know to register, set up a password and gain access to your individual account characteristics on your property. Plus get information that the appraiser district has as well. So it starts there. They'll also ask you to download, upload your evidence that you would like for the appraisal district to consider in revaluing your property. So if you've got sales information that you think is helpful, you want to provide those sales MLS sales sheets, or if you've got conditions you need a new roof you haven't updated your kitchen in 20 years. Photographs are fantastic. We'll be getting that a little bit later. But you've gotta provide all this evidence that will help hopefully convince the appraiser that, wow, we didn't know about these things at the time we did the appraisal. So you're trying to provide them with information that they did not have readily available to give them a reason to make a change. You can't just go in there and say, my taxes are too high. Quite honestly, they don't care about your taxes.

Gilbert ([14:27](#)):

Because that's a whole different office right?

Gary ([14:29](#)):

It's a whole different world. They don't care about your taxes.

Gilbert ([14:32](#)):

They're not there about the taxes.

Gary ([14:32](#)):

They are there and they will tell you, remind you over and over again. We just help determine the market value of your property. That's it. We don't set tax rates. Don't talk to us about how your tax dollars are being spent on multimillion dollar high school stadiums or whatever you want to talk, talk about. We're just here to talk about the value. And that's where you wanna focus on that total market value on your appraised value notice, that's the number that you need to speak to. Don't worry about the appraised value, cap value. All that is a calculation based off that total market value.

Gilbert ([15:08](#)):

So now this form that I've gotten in the mail here, does that mean I have to do it all online now? Or can it, there's a signature block and everything else. Can I still fill this out and walk it down if I need to?

Gary ([15:20](#)):

Absolutely you can. You can mail it in. You can hand deliver it to the appraiser district. You can protest it online as well. But I would give a caveat, if you do mail this notice in, try to do it sooner than later.

Gilbert ([15:33](#)):

Be way before the 15th.

Gary ([15:34](#)):

Way before the 15th. Because what can happen, and it happens every year, is people will mail in their notice maybe the day of the deadline, and it may not get postmarked until the following day. Hmm. So the later in the day that you actually deliver that to or drop it off in, in, in a mailbox or even take it to a post office, it may not get postmarked until the following day. So guess what, when the appraiser, the district gets that protest letter, they're looking at the envelope and if they see date stamped May 16th, you're outta luck. So if you do mail in your notice of protest, do it early. And if you're getting a little bit close to the deadline, send it via certified mail, then you can absolutely document that you deliver that notice timely.

Gilbert ([16:21](#)):

So I may or may not always showed up on the 15th in hand and <laugh> turned it in and got it stamped by a person. So hopefully that's still available, even though now because of covid, it's so easy online.

Gary ([16:34](#)):

Yeah.

Gilbert ([16:34](#)):

But looking at this form, it becomes a little overwhelming if you're not sure what to do. Cuz it's got boxes, it's pre-filled out. But the really important part is section three, reasons to protest. And is there really, or do most people, I should say, need to only fill out that one box incorrect appraisal market value and value is unequal compared to the other properties? Or do you really, are all these other options really something to consider?

Gary ([17:02](#)):

Well, when the, when the tax code is about three inches thick, there's so many reasons why you can file different types of protests. Fair, fair. But that first one that you, that you talked about, and the appraised market value and or unequal compared with other properties, probably covers about 90% of all protests. If your residents most likely that covered what you need, you're there to contest the market value or perhaps that you think that your neighbors around you are being appraised at at less than 100% of market value. when they, you, they have you at 100%. So some of the other ones may apply. Did they, you know, you go they generally get the taxing units correct mm-hmm. <Affirmative> it does occasionally happen, but some of these other things, they can happen, but they're not typical. You can protest a denial of an exemption if you apply for a homestead and they denied it. Well, you can protest that action, but again, it's all gotta be done

Gilbert ([18:02](#)):

Timely. And if you think your property should be considered ag use, then that's where you would bring that in. So there's a couple of other ones in there, but 90% of people are gonna do market value or on equally compared to the other properties.

Gary ([18:15](#)):

Right. Right.

Gilbert ([18:16](#)):

And what you're saying when you check that box is, I don't agree that this with this new value, I think it should be lower. Right. And or if I look at all my neighbors, theirs is lower than what mine is and therefore I I would like to protest this.

Gary ([18:32](#)):

Right, right and those are the most common methods to do that. Number one, it was the the market value perspective is, well, what are property selling for? And it can be eye-opening, you know, people are asking for outrageous prices these days. So you can be surprised. I know when I sold my house last year, I was highly surprised at what they were selling for more than I thought. Of course I capitalize on that and I rode the wave as well, but <laugh>, but that's when I wanted my tax value up. <Laugh>, not really. But that's where you, well, you know, that brings a question right there is some people don't wanna protest because they may think that you're limiting the amount of value that you can sell your house for, and that is, that's a myth Gilbert, you'd be surprised how many people still think that is. You know that applies today. That if I protest my value and I get it down, well then I'm limiting myself on how much I might be able to sell it for in the future. And that's just, that's just not true.

Gilbert ([19:35](#)):

It isn't true and I think it's because these online portals have these estimates of value on what your house could sell for, and then they go to the bear appraisal and say, no, no, bear appraisal said it's this much. That's exactly my market value. And, you know, our members are experts in helping you define that appraised value and what the market's gonna pay for your house. Right. So how do you convince people, Hey, look, this is in your best interest to protest. Like, what are some of the other common myths that you hear on why people don't want to protest this value?

Gary ([20:06](#)):

Well, one of 'em is they're not gonna listen to me. You know, it might be a waste of my time and effort and they're not gonna listen to my evidence. And that's not necessarily true. The appraisal district generally wants to try to help you, but you gotta bring your game. You gotta bring it. You can't just go in there full of emotion upset that you're taxes are going up. You've gotta give them something to work with and that's either by analyzing market sales which your SABOR member group are experts in determining what market value might be. And the other side is doing some homework and going on the appraisal district website and looking at the appraised values of other properties right around you look up and down your street, you can see most of your neighbors values convert that value to a cost or square foot basis and find out, hey, why is this house across the street?

Gary ([21:08](#)):

It's the exact identical floor plan is mine. We were built three months apart, but yet they're \$10,000 lower than my value. Why? That's a great reason and sometimes they just make mistakes. Sometimes the characteristics or the description of the property might be inaccurate, and you're not aware of that. You just see the value notices. You see the numbers, but they may say, oh no, we thought you had a standing sea metal roof, when in fact you have a asphalt shingle roof. There's a big cost variance between outstanding seam versus a shingle wood siding or hardy plank versus stone or brick. Those types of characteristics have an impact on the valuation of your property. So you've got to know what the appraisal district is looking at, what information they use to determine the value of your property.

Gary ([22:07](#)):

And that's by finding out, well, what do they think of my house? You know, what do they think it is? And the best way to do that is to go to the appraisal district website, key in your account number, look up your account, and you have the description right there in front of you. It shows you your living area, which you may discover is, you know, a thousand feet too large. They included the garage as a living area when no, it's a garage. That happens all the time. But you can see the description that the appraisal district has, and if you're able to identify areas that are not accurate, that's gold. That's the information that you need to show the appraisal district that the description of my property is incorrect and therefore you valued my property too high.

Gilbert ([22:50](#)):

Okay. We're gonna jump into, what do I take to the hearing, but before I get there, in person Zoom or single member or panel via telephone, what is your recommendation option on how to talk to the appraisal district for these informal hearings?

Gary ([23:06](#)):

Well, informal, I believe Bayer Appraisal District will only do them via phone conference emails through their online system. I do not believe that they're allowing anyone to have in-person informal meetings like they used to.

Gilbert ([23:25](#)):

Okay. So maybe this box should be changed.

Gilbert ([23:26](#)):

Probably, yeah. <laughs>

Gilbert ([23:26](#)):

So then we're gonna do it by Zoom. Do you need to fill out this one blank? What is your opinion of property value on that sheet? Or is that really just not necessary.

Gary ([23:37](#)):

You don't have to fill it out on a form, but when you are there to speak with someone about there via zoom or in person, but when you are there to discuss the value of your property, you need to have a number in mind. You can't just throw a bunch of information at them and say, I don't know what the value should be, but I just know it's not what you have it at. That's not gonna work. So you need to be able to quantify either your deferred maintenance, obsolescence or the sales data that might indicate that the value that they've appraised it at is over appraised.

Gilbert ([24:11](#)):

So, and then there's a box here, evidence requested. You need to check that box because that's gonna tell you, you have to ask for it, (which I think is a little nutty) for them to give you the information and say, look, it's these five houses in your neighborhood that we use to assess the value of your property. And that is gold. Because then you can, that's how you come up with that number when you're going into this hearing and deciding that house is completely different than mine. That one has hardwood floor. Their kitchen counters, you can tell are granite and ours are still, you know, something else.

Gary ([24:44](#)):

Formica.

Gilbert ([24:45](#)):

Yeah. So the importance of the evidence request.

Gary ([24:47](#)):

Absolutely. If you'll notice at the top of the notice of protest from bear appraisal in red letters, it says, don't forget to check the box to request our evidence top of the page. And then down there is the box that you can, you know, check for evidence requested. Why it's not automatic. I don't know.

Gilbert ([25:06](#)):

I was gonna ask the same question.

Gary ([25:07](#)):

I mean, I, it's just, we're not gonna give it to you unless you ask <laugh>. I don't understand that. But nevertheless, these are the rules that we're playing by. And we must abide.

Gilbert ([25:19](#)):

So we've checked the box, I'm ready. I'm gonna say I'm three weeks out before my protest hearing. What should I do? I can tell you what I've done in the past because you've mentioned it. I look at the other houses that are, have the same floor planned as mine. I go on bear appraisal and I'm like, oh, look, they appraise theirs, you know, 20,000 less than mine. That's valued because then I'm like, Hey, you, my house is valued more than theirs. Why? I also try and walk through the house and find anything that

needs to be repaired. Now, I've also learned pictures of the fence and pictures of the dead grass do not count towards anything. No. So what, what do I need to collect to take to this hearing?

Gary ([26:03](#)):

Yeah, that's a good point. We, we see, you know, property owners complain about, Hey, my fence is falling down. There's cracks in my sidewalks, which that could be arguable.

Gilbert ([26:13](#)):

Mm-Hmm. <affirmative>.

Gilbert ([26:15](#)):

But you're looking for meat. You are looking for "I've got a leaky roof and roof." If anybody's replaced a roof these days, they're quite expensive. And so how do you, how do you demonstrate that you have a leaky roof? Well, you take pictures of your ceiling, which shows you know, stains in your ceiling that it's leaking. You get an estimate for repair by a contractor a reputable contractor. That's gold. Because that helps quantify what that deferred maintenance is. Now, they may not give you dollar for dollar what you're asking for, but you bring in a roof estimate for \$10,000, they're gonna get pretty close to it. They've gotta take that into consideration. If they're comparing your house with other houses that have been updated extensively. And I know in the remark section on MLS sale sheets, it pretty much spills the beans there quite a bit because you're trying to advertise the benefits.

Gilbert ([27:18](#)):

And let me ask you that. Do they go to the photos and see like, oh, I looked at that kitchen. Like bear appraisal will look at the photos and tell they put in whole new floor?

Gilbert ([27:26](#)):

Absolutely. Absolutely.

Gilbert ([27:27](#)):

They've redone the bathrooms, like they know.

Gary ([27:30](#)):

Absolutely. A little side note too-

Gilbert ([27:31](#)):

They've seen inside your house.

Gary ([27:32](#)):

<Laugh>. Yes. Well, they see inside the MLS listing too. And little side note, I'll see from time to time realtors put appraisal district is square footage is much less than actual square footage. That's not something that you necessarily want to advertise <laugh>, because when that information is put in the remark section number one, a realtor is never guaranteeing the validity of a square footage estimate by any means. Correct. But even just going there and mentioning that appraisal district square footage is wrong, that sends up red flags to the appraisal district and they're gonna go reinspect it. They're gonna take outside measurements, which is their best way of measuring or they're gonna use aerial

photography and do a takeoff on aerial to determine what those measurements are. So it's sending up red flags. So nevertheless, if you're comparing, if they're comparing your house to a house that has been updated, then it might help to go get estimates for replacing your formica countertops with granite updating your bathroom. I mean, that's gonna be, you know, five to \$10,000 to update a bathroom. Things like that. Estimates to try to bring it on an equal pace.

Gilbert ([28:48](#)):

So, and am I gonna take you know, my house has orange carpet that's been there since forever. The photo of that in comparison? Or do I need the estimate of the contractor who's gonna lay carpet? Like which one is gonna be better?

Gary ([29:04](#)):

Both, both, both help.

Gilbert ([29:06](#)):

Okay.

Gilbert ([29:06](#)):

I mean, the more evidence you have, the better some contractors at this time of year, they know what's going on, so they're going to be fairly reluctant to want to go provide estimates. Not all the time, but some of 'em may charge, Hey, I'll go do an estimate, but they're not free anymore.

Gilbert ([29:21](#)):

Mm-Hmm. <affirmative>.

Gilbert ([29:22](#)):

We see this happening quite a bit because they realize people are protesting their values and they're really using our estimate to help their cause, but we know darn well we're not gonna get the business. So little bit of that's out there. But nevertheless, I would ask, I would ask for number one document, the deferred maintenance. If you've got outdated carpet, you've got, you know, avocado, green shag carpet from the, from the seventies, a new buyer is probably not gonna pay as much for that house because he's gonna have to pay to get that carpet removed. And so if you're able to quantify what carpet replacement might cost you, that, that's putting a dollar figure to an obsolete type item.

Gilbert ([30:05](#)):

So it's like, Hey, I have, look at all the cracks in my foundation. Sure. Or the shifting and that kind of thing. I'm going in there just saying, I have a problem, whereas I have a problem and the estimate is it's gonna cost me 20 grand to fix it. Right. The goal is reduce my value by the 20 grand. Right. Like, that's why I'm taking all this in.

Gary ([30:26](#)):

Exactly.

Gilbert ([30:27](#)):

If my value went up a hundred grand, 50 grand, I'm trying to get that back down by showing, hey, I can't sell it for that price because of all these things.

Gary ([30:36](#)):

Right. That's exactly right. When, you know, you mentioned cracks in a wall. Well, you know, in Texas, San Antonio, you know, our foundations shift all the time. It doesn't mean that you have structural damage, foundation damage, but our foundations do shift, but many times those repairs are simply cosmetic. They're not a structural in nature. And so cosmetic repairs to repair paint, sheet rock, so forth is one thing versus, well, maybe your slab did crack, you know, that's, that's a whole different ballgame. and the pictures will also look different. But that's what the appraisal district is faced with. If we don't provide them with information that they can use to make an informed decision on is this just normal shifting and cosmetic in nature or no, this person genuinely has a crack slab and that's going to be going to be, you know, tens of thousands of dollars to repair. That's the information that you need to do your homework on and provide them so they can make an informed decision.

Gilbert ([31:36](#)):

And in working with people for all these years since you've been in the business, what do you think people don't take to the hearing to get at their property? Like, what do you think like, oh man, if people only knew that they should pay more attention to outdated tile, or that they're, they still have popcorn ceiling, like what do you think that people should pay attention to that you wish that you don't think they do?

Gary ([32:00](#)):

At the end of the day, what would a perspective buyer think of your house and what potential repairs or upgrading would they have to do to bring it to today's conditions? So that can entail many things. You may have physical obsolescence, you know, they don't build two better one bath houses anymore. So, but if you live in a two bedroom, one bathhouse and you're being compared against three bedroom, one bath or three bedroom, two baths,

Gilbert ([32:29](#)):

Which is likely in some of these older neighborhoods.

Gary ([32:32](#)):

Absolutely.

Gilbert ([32:32](#)):

Where there's been a lot of redevelopment.

Gary ([32:33](#)):

Absolutely. Just the functional obsolescence alone is something people don't readily think about. Why? Because it's an appraisal methodology that people don't think about, but you live in it. Put yourself in a prospective buyer's shoes. What would they look at when, if they walked into my house and they see that I've got cracks in the walls? the countertops are 30 years old, the bathroom that's the original toilet from 30 years ago, they're going to look at all this, and either they're gonna walk from the house and

not make an offer, or they're going to make an offer that takes all of these deferred maintenance or obsolescence conditions into consideration when they provide you an offer.

Gilbert ([33:15](#)):

So in older neighborhoods, it's probably more likely that the values are a little bit off between houses.

Gary ([33:21](#)):

Right.

Gilbert ([33:22](#)):

Whereas in newer neighborhoods, that might be a little bit harder.

Gary ([33:25](#)):

Right.

Gilbert ([33:25](#)):

If they've all just been produced in the last 10, 15 years.

Gary ([33:28](#)):

Right. the codes alone, code changes alone in electric and plumbing so forth have changed dramatically to the benefit of new property owners. But if you were to have to fix, make electrical repairs or plumbing repairs in an older house, they're going to have, they can't just simply replace what's there. They've got to replace it. But at today's codes, which is going to be much more expensive than had the, you know, should they be allowed to replace what just, you know, what was in place at the time.

Gilbert ([33:56](#)):

So my hope is everyone is gonna protest. What is the likely, I think most people fear I hear protest, I'm gonna have to go in for a fight. And my experience has always been the folks down there are looking to help you out.

Gary ([34:09](#)):

Right.

Gilbert ([34:09](#)):

If you give them something. Like, show me something.

Gary ([34:11](#)):

Right.

Gilbert ([34:11](#)):

I mean, how often does someone walk away having to go to one of these ARB hearings? Like how often do they get settled through this informal conversation process?

Gary ([34:21](#)):

I would probably say most of your hearings are settled through the informal process, which is you just talking with somebody used to be sitting across their desk, but now it's, it's engaging in email conversations or a phone call and just exchanging that information and talking about it. I would probably have to say upwards of 70 to 80% success rate on protesting through that informal level. That probably comes down a little bit more at the appraisal review board. Cuz now you've gotta convince four people, well really three people, three appraisal review board members. And that's a little bit harder argument, but they are there to listen to the evidence and make a decision based off what you present them to do that. So I have heard appraisers tell property owners sitting in the next cubicle, help me help you by bringing me good information that I can work with your formal is not for two more weeks.

Gary ([35:19](#)):

Make sure you bring in estimates, make sure you bring in pictures, don't talk about property taxes, talk about the condition of your house. Those are, they're, they're pretty basic, but it's pretty simple. It's not a complicated system. I'm an advocate for the Texas property tax system as a whole. I've represented properties all across the nation in almost 50 states. And Texas by far has the most taxpayer friendly system to where anybody can protest the valuation of their house in a fairly informal process without all the red tape that some states you have to be a lawyer or you have to set up this formal appeal process, which is highly intimidating even for experts like us. So you may not like your value, but we do have a good system for which relief is available provided you're doing your homework.

Gilbert ([36:11](#)):

Now, the one thing that I will say that has still confused me, and I do want to finish up with this one part, is the value of my property went up \$20,000. That doesn't mean my taxes went up \$20,000, right? Like what, what, can you walk me through what that means and how that's gonna play out in my wallet?

Gary ([36:29](#)):

Yes. That then that does get complicated there. That's where you start talking about homestead cap values. And this only applies to those properties that enjoy the homestead exemption. The homestead exemption cap value prohibits the appraisal district. No, it prohibits the amount of taxes that can increase one year over the next by only 10%. So let me, let me back off a little bit. The appraisal district is charged with determining what the appraised what the market value is of that property as of as of January one. That's regardless of any exemptions or any cap values, they need to determine what the market value is. The cap value comes into play, which limits the amount that you can be taxed on to a maximum of a 10% increase in value from the prior year. So think about that. That's a good reason why you want to protest year after year because you are limiting that increase to only 10% above last year's value. Your value this year alone could go up 20%. But if you protested last year and that cap value was in place, even though the value may have gone up 20%, the amount that they can tax you can only go up 10%. That's a huge help. And that's why you wanna protest year after year to keep that benchmark. That 10% at its most minimal point, the entire process.

Gilbert ([38:04](#)):

So now that \$20,000 increase in value, though, 10%, does that mean my taxes are gonna go up 200 bucks? Like what does that look like

Gary ([38:14](#)):

Without exemption placement-

Gilbert ([38:16](#)):

Hypothetically, right? Because like you said, if I live out in the county, then I don't, the school districts are different. San Antonio taxes are a little off, that kind of thing.

Gary ([38:29](#)):

Yes, you literally could take last year's value, add 10% of that value, and that's what your new taxes are going to be based on. With all things remaining the same. Your exemptions remaining in sa the same, that is net increase in taxable value. There are measures, bills being proposed in the current legislative session that want to cut that down to 5%. I don't know if that's going to pass. I kind of think it's not. Cuz too many, too many opposing sides are digging in and if they don't all agree it's not gonna pass. But I wouldn't hang my hat on that. But yes to answer your question, your taxes can go up by that amount based on that 10% increase.

Gilbert ([39:16](#)):

Okay. So as we wrap up here, any last words of wisdom for consumers out there who are gonna protest their appraised value this time?

Gary ([39:25](#)):

Yeah, you have to ask yourself, is this, is it worth my effort in time to build up a case to obtain evidence that supports lower value? Because that's generally speaking, it's gonna take you several hours of work to do that. If you do it correctly. You need to talk to your favorite realtor to get a listing of those sales. They're extremely helpful and extremely knowledgeable in navigating the property tax processes. And also doing your homework to not only to document the problems that you have with your house, but get those estimates for repair to help quantify that. That's where you're trying to say, you raised my value \$30,000, but I need a new roof that's gonna cost me 15. You literally trying to reduce that increase by \$15,000. And last but not least, the most important thing is if you want to gather honey, don't kick over the beehive.

Gary ([40:25](#)):

Meaning don't go in there with guns blazing. You're gonna teach them a thing or two about appraisal. That does not work. That is the quickest way for them to tune you out, shut you down with little or no relief. You want to go kill them with kindness. You want to be professional, you wanna be courteous, you wanna be respectful of everything that they're doing. They do have a very hard job to do. Mass appraisal is not fun. They realize that it's not a perfect system. You just have to help them help you.

Gilbert ([40:59](#)):

And I'm sure that hour after hour, they just keep getting told <laugh> very positive things. So I want to thank you Gary and SWBC. Y'all have always been fantastic partners helping us educate folks about appraise values and protesting the taxes. And I want to thank all of our listeners for listening and that's gonna wrap up our podcast today. Gary, thank you again.

Gary ([41:23](#)):

My pleasure. Glad to be here.

Gilbert ([41:24](#)):

And thank you everyone for listening to get real.