



# Property Value Study Background and Initial Ratios

(mostly plagiarized from <https://comptroller.texas.gov/taxes/property-tax/>)



# What is the property value study?

- As part of its response to court challenges about unfair distribution of school funding, the Legislature required an independent estimate of taxable property value in each school district to ensure fair school funding. The state wants to ensure that local districts are appraising at market value. The state determines this independent estimate of taxable value through the PVS.
- PTAD analyzes certain property categories, according to generally accepted sampling and statistical techniques, to estimate their property value, which is usually market value. Certain property, including industrial property, special inventory property, taxable nonbusiness personal property and most property categories with 5 percent or less than a school district's tested categories' value, is excluded from the PVS.

# History of PVS

## History of PVS

**1970s**

State Property Tax Board  
mandated to conduct study  
each legislative session

**1990s**

Moved to Comptroller's office;  
IAAO standards implemented,  
including stratification, margin  
of error and random sampling

**2010**

Changed to biennial study,  
alternating with MAP review

**1980s**

Changed to  
annual study

**2003**

Grace period  
implemented


**2020**

Added targeted MAP review after  
three consecutive invalid studies



# What is a valid finding versus an invalid finding?

- PTAD considers locally appraised values to be valid, or acceptable, when the values are within a statistical margin of error. PTAD's goal is to obtain a property sample that results in a statistical margin of error of 5 percent, but depending on the characteristics of the sample, the margin of error may be greater. This means that, for the property categories included in the study, the local value must be within 5 percent (or the larger margin of error) of PTAD's value. PTAD considers locally appraised values outside this margin of error to be invalid.
- If the locally appraised value in a school district (local value) is within an acceptable range of the adjusted value (state value), PTAD certifies the local value to the Commissioner of Education. If the local value is outside the acceptable range, PTAD certifies the state value, unless the school district's value is higher than the acceptable range or the school district is eligible for a grace period—a period during which state law allows local value to be used even though the school district's property values are not at market value.



# Does the PTAD tell appraisal districts to raise values?

- No. Appraisal districts are required to appraise property at market value as of Jan. 1. PTAD is also required to appraise property at its market value. Ideally, both PTAD and the appraisal districts should end up with close to the same values on the tested properties. PTAD does not have authority to require appraisal districts to change property values.



# What is the grace period?

□ It is a two-year period during which state law allows local value to be used even though the school district's property values are not at market value (Government Code Section 403.302(l)). It is intended to help a school district avoid the loss of funding that usually results when state funding is based on state value.

## □ Requirements For Grace Period



- in the two preceding PVSes, the local value was valid; and
- the CAD that appraises property for the school district was in compliance with the most recent review of the appraisal district's governance, taxpayer assistance, operating procedures and appraisal standards, procedures and methodology (**M**ethods and **A**ssistance Program or **MAP review**). *\*Unofficially scored 100 for 2024*
- in the current PVS year (2025), the local value is invalid and does not exceed the state value;
- in the current PVS year (2025), the aggregate local value of all studied categories is **not less than 90 percent of the lower limit of the margin of error**; and



# How does the property value study affect school districts?

- Texas funds public education through state and local funds. Local funding comes from property taxes. The chief appraiser of each appraisal district determines local property values and school districts set tax rates that determine the amount of local tax revenue. Texas bases its funding on the total taxable property value within each school district, as determined by the PVS. PTAD certifies the taxable value of each school district to the Texas Education Agency's (TEA) Commissioner of Education each year.
- The Commissioner of Education uses the PVS to ensure equitable distribution of education funds so school districts have roughly the same level of funding, regardless of the school district's property wealth. In very general terms, a school district with less taxable property value receives more state dollars than if the school district's taxable value were higher.
- The Education Code describes how the Commissioner of Education uses the findings of the PVS in the school funding formula to determine state aid. Contact TEA for questions about state aid or the funding formula.

# Example from Everman ISD 2023 PVS

Margin of Error		
Margin of Error Percent:	5	
Margin of Error Value:	121,019,693	
Confidence Interval Values		
State Upper Limit: 105%	2,541,413,553	(State Test Value plus Margin of Error Percent)
State Test Value:	2,420,393,860	
Local Test Value:	2,301,547,497	WITHIN CONFIDENCE INTERVAL
State Lower Limit: 95%	2,299,374,167	(State Test Value minus Margin of Error Percent)
90% of Lower Limit:	2,069,436,750	90% of 95% = 85.5% Fully Funded
Below 90% of Lower Limit:	2,069,436,749	Not Eligible for Grace State Aid Impact calculated at \$2,883,100

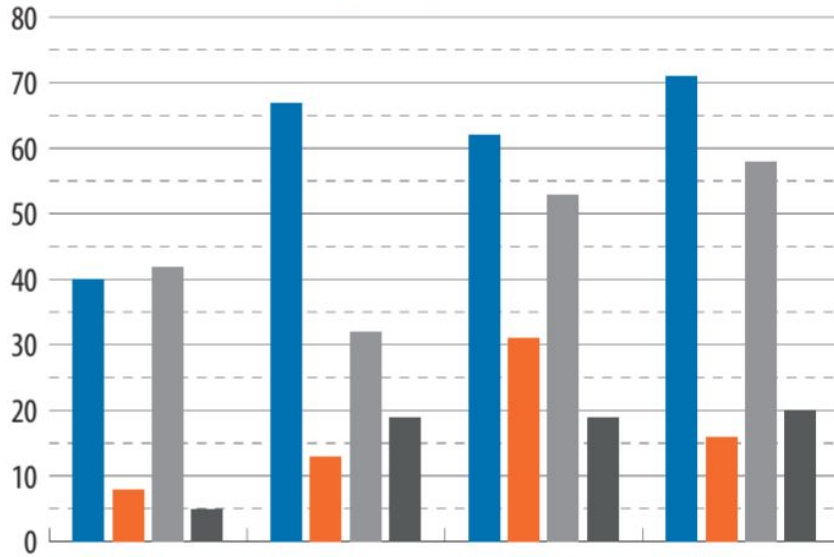


# ISDs that have failed PVS statewide w/loss

## STATEWIDE SUMMARY

SchoolYear	Total Estimated Loss in Funding Due to Using State-Assigned Values	Total Number of Districts on State Values	Average of PVS Ratio
2021	\$34,146,428	59	88.4%
2022	\$45,206,200	71	88.9%
2023	\$120,203,779	106	85.7%

## Invalid PVS Findings, by School District\*



	2016 Final (838 splits)	2017 Final (857 splits)	2018 Final (876 splits)	2019 Final (908 splits)
Grace Year 1	40	67	62	71
Grace Year 2	8	13	31	16
State Value	42	32	53	58
State lower than local	5	19	19	20

# Statewide PVS results

SDPVS YEAR	Above the upper limit of the confidence interval		Below the lower limit of the confidence interval	
		%		%
2003	28	2.7%	72	6.9%
2004	33	3.2%	62	5.9%
2005	32	3.1%	77	7.4%
2006	33	3.2%	75	7.2%
2007	22	2.1%	94	9.0%
2008	23	1.5%	81	5.2%
2009	22	1.4%	57	3.6%
2010	2	0.1%	16	1.0%
2011	8	0.5%	48	3.1%
2012	4	0.3%	42	2.7%
2013	5	0.3%	53	3.4%
2014	9	0.6%	95	6.1%
2015	11	0.7%	77	4.9%
2016	5	0.3%	89	5.7%
2017	19	1.2%	112	7.2%
2018	19	1.2%	146	9.4%
2019	20	1.3%	145	9.3%
2020	15	1.0%	187	12.0%
2021	22	1.4%	172	11.1%
2022	6	0.4%	243	15.7%
2023	8	0.5%	137	8.9%

# Chart of TAD historic PVS ratios

Category	Number of Ratios **	2019 CAD Rept Appraised Value	Median Level of Appr	Number of Ratios **	2021 CAD Reported Appraisal Value	Median Level of Appraisal	Number of Ratios **	2023 CAD Reported Appraisal Value	Median Level of Appraisal
<b>A. SINGLE-FAMILY RESIDENCES</b>	8647	133,372,474,451	1	8,864	147,481,931,771	0.97	8,962	214,150,910,512	1
<b>B. MULTI-FAMILY RESIDENCES</b>	633	20,396,434,973	0.99	383	23,700,200,140	0.94	282	34,096,287,895	0.99
<b>F1. COMMERCIAL REAL</b>	701	40,445,150,287	0.92	797	41,222,848,485	0.93	632	47,898,697,332	0.97
<b>J. UTILITIES</b>	22	3,768,883,192	0.85	20	4,277,484,933	0.95	30	4,789,537,504	0.89
<b>L1. COMMERCIAL PERSONAL</b>	437	21,297,443,867	1.01	445	23,791,600,942	1.01	411	30,312,120,655	1
<b>OVERALL</b>	10618	231,912,595,201	1	10,691	252,475,020,938	0.97	10,486	346,550,811,725	1

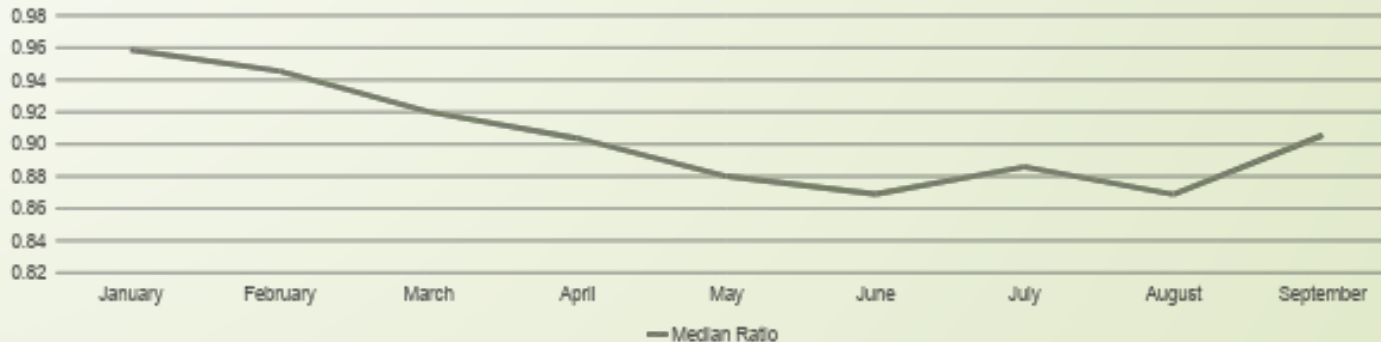
Ratios are weighted by Property Category, and Residential has the greatest impact.

# January 1, 2024- Mid-September

ISD	Count of PIN	Sum of TotalValue	Sum of StatedSalePrice	Median Ratio	WM
ARLINGTON ISD	1669	\$ 535,465,986	\$ 566,602,442	0.95	0.95
AZLE ISD	275	\$ 90,879,985	\$ 101,682,944	0.91	0.89
BIRDVILLE ISD	1054	\$ 355,438,344	\$ 379,369,849	0.95	0.94
BURLESON ISD	203	\$ 68,827,084	\$ 70,539,428	0.98	0.98
CARROLL ISD	288	\$ 392,704,189	\$ 459,828,415	0.88	0.85
CASTLEBERRY ISD	134	\$ 37,553,692	\$ 39,015,997	0.97	0.96
CROWLEY ISD	1090	\$ 355,857,597	\$ 378,375,578	0.96	0.94
EAGLE MTN-SAGINAW ISD	1640	\$ 558,132,311	\$ 602,519,958	0.95	0.93
EVERMAN ISD	184	\$ 45,010,941	\$ 50,144,538	0.89	0.90
FORT WORTH ISD	3099	\$ 1,113,092,498	\$ 1,246,953,321	0.92	0.89
GRAPEVINE-COLLEYVILLE ISD	532	\$ 369,383,283	\$ 414,840,136	0.93	0.89
HURST-EULESS-BEDFORD ISD	1033	\$ 388,387,480	\$ 414,751,378	0.94	0.94
KELLER ISD	1452	\$ 775,963,462	\$ 819,825,750	0.96	0.95
KENNEDALE ISD	155	\$ 52,400,498	\$ 56,424,417	0.97	0.93
LAKE WORTH ISD	98	\$ 25,738,003	\$ 26,484,797	0.97	0.97
MANSFIELD ISD	1066	\$ 449,895,389	\$ 478,929,618	0.97	0.94
NORTHWEST ISD	772	\$ 335,526,313	\$ 360,733,120	0.95	0.93
WHITE SETTLEMENT ISD	415	\$ 119,319,973	\$ 126,629,833	0.95	0.94
<b>Grand Total</b>	<b>15159</b>	<b>\$ 6,069,577,027</b>	<b>\$ 6,593,651,519</b>	<b>0.94</b>	<b>0.92</b>

# Monthly Trend

2024 Months	# of Sales	Sum of Appraised	Sum of StatedSalePrice	Median Ratio	Weighted Average
January	1278	\$ 508,494,550	\$ 516,724,214	0.96	0.98
February	1605	\$ 624,153,239	\$ 657,483,126	0.95	0.95
March	1959	\$ 755,555,954	\$ 828,384,361	0.92	0.91
April	2105	\$ 842,782,931	\$ 927,383,138	0.90	0.91
May	2122	\$ 878,018,958	\$ 950,668,344	0.88	0.92
June	1746	\$ 724,356,939	\$ 806,343,534	0.87	0.90
July	1906	\$ 785,041,419	\$ 863,927,760	0.89	0.91
August	1736	\$ 674,382,781	\$ 748,201,226	0.87	0.90
September	702	\$ 276,790,259	\$ 294,535,816	0.91	0.94
<b>Grand Total</b>	<b>15159</b>	<b>\$ 6,069,577,027</b>	<b>\$ 6,593,651,519</b>	<b>0.90</b>	<b>0.92</b>



# PVS timeframe Begins July 1,2024 through June 31, 2025

ISD	Count of PIN	Sum of TotalValue	Sum of StatedSalePrice	Median Ratio	WM
ARLINGTON ISD	513	\$ 163,780,944	\$ 178,948,871	0.93	0.92
AZLE ISD	78	\$ 27,187,486	\$ 31,058,507	0.89	0.88
BIRDVILLE ISD	321	\$ 106,216,512	\$ 111,180,247	0.94	0.96
BURLESON ISD	50	\$ 17,182,133	\$ 18,293,977	0.94	0.94
CARROLL ISD	84	\$ 114,374,741	\$ 138,611,088	0.84	0.83
CASTLEBERRY ISD	38	\$ 9,221,543	\$ 10,273,245	0.92	0.90
CROWLEY ISD	310	\$ 99,021,471	\$ 105,209,350	0.93	0.94
EAGLE MTN-SAGINAW ISD	418	\$ 150,115,343	\$ 158,287,879	0.96	0.95
EVERMAN ISD	41	\$ 10,491,497	\$ 11,650,348	0.71	0.90
FORT WORTH ISD	867	\$ 314,750,446	\$ 360,452,487	0.90	0.87
GRAPEVINE-COLLEYVILLE ISD	159	\$ 108,258,452	\$ 123,837,782	0.93	0.87
HURST-EULESS-BEDFORD ISD	306	\$ 112,182,523	\$ 122,433,310	0.94	0.92
KELLER ISD	427	\$ 217,451,941	\$ 229,849,879	0.96	0.95
KENNEDALE ISD	34	\$ 12,176,509	\$ 13,155,899	0.96	0.93
LAKE WORTH ISD	30	\$ 7,980,892	\$ 8,419,034	0.95	0.95
MANSFIELD ISD	319	\$ 132,187,399	\$ 143,076,497	0.95	0.92
NORTHWEST ISD	231	\$ 100,173,126	\$ 106,801,016	0.94	0.94
WHITE SETTLEMENT ISD	118	\$ 33,461,501	\$ 35,125,386	0.94	0.95
<b>Grand Total</b>	<b>4344</b>	<b>\$ 1,736,214,458</b>	<b>\$ 1,906,664,802</b>	<b>0.93</b>	<b>0.91</b>