



# President's Column Central Hill Country Board of REALTORS®



by Carole Reed, 2025 President



## Consumer Guide: Property Taxes

Wherever you buy a home in the United States, property taxes are a reality of homeownership. An agent who is a REALTOR® can help connect you with a tax expert in your area, but here are the basics:

### What are property taxes?

Property taxes are charges on your land and property, based on the value of your property, levied by your local government. The revenue generated is often used to fund community needs such as schools, police and fire departments, and road maintenance. Some states also tax personal property, such as cars and boats.

### Can I know the property tax on a home before I purchase it?

Real estate listings, usually from your local multiple listing service, typically include information on a property's annual taxes. You can also ask the seller directly about their latest tax bill and when the property was last reassessed. Depending on the location, the assessed value—which is different from and generally less than the market value—of the property may increase based on the amount you pay for it.

### How are property taxes calculated?

Tax rates vary widely depending on where you live. The most common method for calculating property taxes is by multiplying the assessed value your local government assigns to your property, minus any tax reductions, by the local tax rate. The assessed value is usually calculated as a percentage of the property's market value. It reflects the overall quality and condition of the property, comparable homes in the area, and market conditions, among other factors. The other component of the equation is the tax rate, often called the millage ("mill") rate, equaling the property tax you owe for every \$1,000 of your property's value. For example, if the mill rate is \$0.005, your home's assessed value is \$200,000, and you are ineligible for tax reductions, the following calculation would apply: (\$200,000 in assessed value - \$0 in tax reductions) x \$0.005 mill rate = \$1,000 property tax.

### Are there property tax exemptions?

Certain homeowners may qualify for tax exemption programs which can lower, or even eliminate, their property tax bill. Senior citizens, veterans, disabled persons, and surviving spouses are some of the homeowner groups that may be eligible. Additionally, most states offer a homestead tax exemption for individuals' primary residences. Programs and eligibility criteria vary by state, so consult a tax expert to determine which programs may apply.

### How do I pay my property taxes?

The most common method for paying property taxes is through an escrow account, where a portion of your monthly mortgage payment is held and automatically paid towards your tax bill when it is due. You may choose to pay your taxes on your own, although in some cases your lender may require you to use an escrow account to ensure payments are made on time.

### How often are properties reassessed?

Properties are generally reassessed annually to ensure any new community upgrades, such as the construction of a new school, and/or house upgrades, such as finishing a basement, are factored into the assessed value of your residence.

### Can I challenge my property tax rate?

If you feel your property taxes are unfair—meaning you believe your house is not actually worth as much as it was assessed for—you can appeal the assessment and request a second evaluation of the property. There is typically a short window of time for submitting an appeal, so be sure to closely follow your local municipality's instructions and timeline.

Please visit [facts.realtor](https://www.realtor.com) for more information and resources.

~courtesy National Association of REALTORS~

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