

Despite rising appraisals, property value loss threatens Montgomery County budgets

By [Jessica Shorten](#) | 9:15 AM Mar 15, 2024



Montgomery County taxing entities lost over \$8.4 billion in property value in fiscal year 2022-23 following a backlog of homestead exemptions and record-setting levels of protest filings.

The loss sets up a potential shortfall that could translate into higher tax bills for residents and affect state funding for school districts based on findings from the [Texas Comptroller](#).

Janet Jennings-Doyle, [Montgomery Central Appraisal District](#)'s chief appraiser, said the backlog was a result of staff shortages and new exemption increases. She said the appraisal district is implementing "aggressive" measures to make up lost property value that include updates to its 20-year-old computer system as rising protests and exemptions push to keep taxable values low.

Two-minute impact

Discovered in early 2023, the backlog of homestead exemption requests and protest applications from property owners totaled an approximate taxable property value loss of \$8.4 billion from taxing entities countywide, [Montgomery County Tax Assessor-Collector](#) Tammy McRae said.

“We had to get all hands on deck,” Jennings-Doyle said. “We were pulling employees from every which direction we could, ... and we had to get those exemptions processed.”

While the value loss only represents a fraction of the market value in Montgomery County, it caused revenue losses for local school districts and other taxing entities ranging from \$1 million-\$6 million per entity. Appraisers processed over 10,000 of the backlogged exemptions in the first six months of 2023 and, with a new system, are working to speed up all MCAD processes.

However, the release of preliminary findings from the state comptroller’s [school district property values study](#) conducted in 2023 found roughly \$33 million in state funding for [Conroe ISD](#) could be lost if the state and MCAD can’t come to an agreement regarding the appraisal values, CISD officials said, potentially causing further shortfalls that could be passed on to taxpayers.

The property value study compares county appraisal district assessments to state assessments to help distribute state public education funds, according to the comptroller’s website.

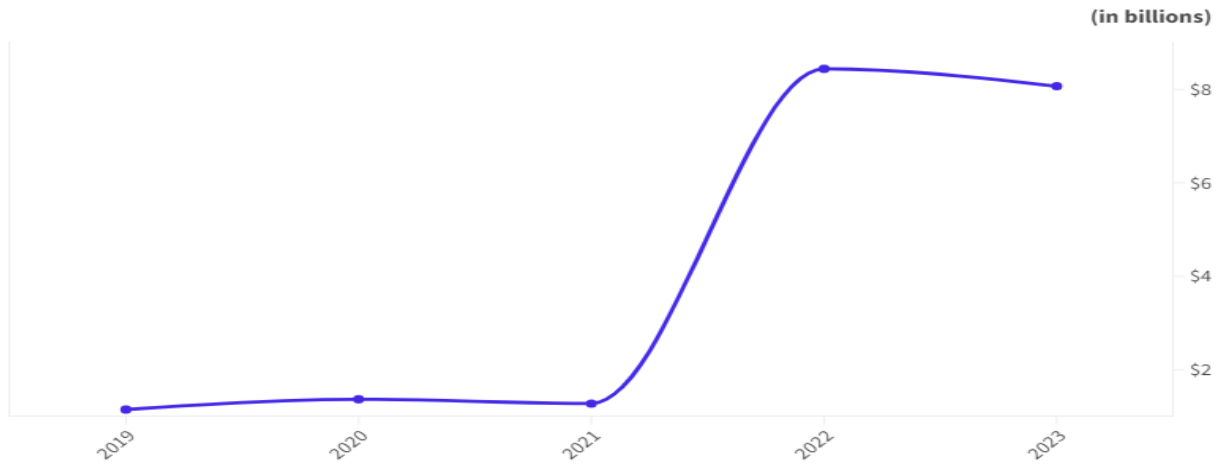
If a county undervalues properties compared to market value two years

in a row, the state can pull funding from school districts and relocate it to other areas.

Montgomery County homestead cap value loss

Following the processing of over 11,000 backlogged homestead exemptions, losses skyrocketed to over \$8 billion annually.

■ Value lost to homestead exemptions



Source: Montgomery County Appraisal District/Community Impact

Diving in deeper

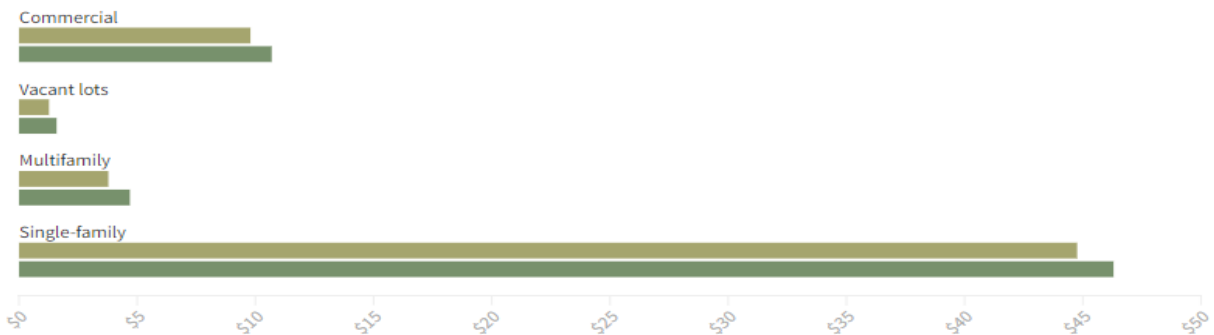
Jennings-Doyle said one reason for the discrepancy between CISD and MCAD values is the undervaluing of vacant land in areas such as along Gosling Road and I-45 in The Woodlands.

Preliminary findings released Jan. 31 show the appraisal district is still undervaluing properties. MCAD and CISD have until August to reach an agreement before officially failing the study.

2024 property value findings

If the Montgomery Central Appraisal District fails to meet 95% of the state's metrics, Conroe ISD could lose \$33 million in state funding.

(in billions) ■ MCAD value ■ State assigned value



Montgomery Central Appraisal District, Montgomery County Tax Office/Community Impact

Managing the impact

While managing the backlog from 2022, the MCAD began a transfer of the appraisal system to a cloud-based server, which MCAD officials said should provide quicker processing of appraisals and exemption requests.

“There was just no good time to implement it because we knew what was at stake, but we had to do it,” Jennings-Doyle said. “Because if we didn’t ... it would really cause bigger problems later on.”

Protest filings began growing for the 2023 tax season in January 2023 as the old software took over a week to process property tax data from taxing entities, Jennings-Doyle said. However, the new software allows MCAD to process the files in a span of 30 minutes.

While focusing on increasing the efficiency of the department, Jennings-Doyle said the district is also working to balance needs to raise appraisal values from the state with rising protests and exemption requests from residents.

“This is what gets us in a catch-22 ... so you have to juggle that,” Jennings-Doyle said.

Jennings-Doyle said there are only 95 employees within the appraisal district, which caused resources to be spread thin throughout 2023.

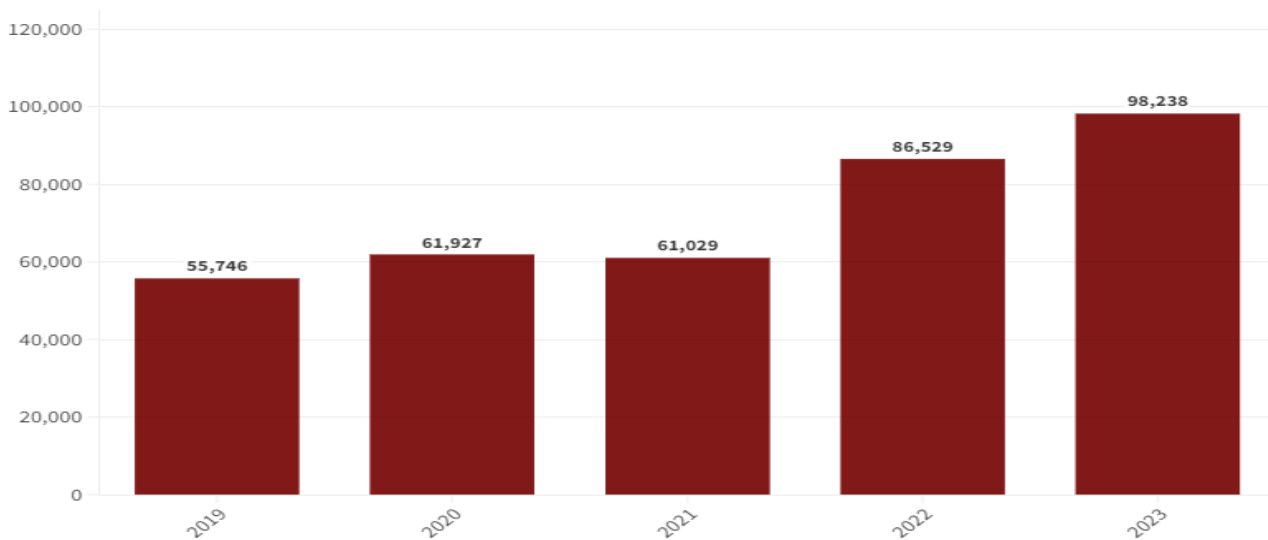
“We have one person answering the phones for 360,000 accounts,” Jennings-Doyle said.

What else?

Despite MCAD appraisals coming in below state estimates, property value protests from residents facing higher appraisals have increased by 50% since 2019, with 2023 filings reaching a record high of 98,238, according to the Montgomery County Tax Assessor-Collector’s Office. “That’s beyond our control. Protest is beyond our control because that’s a property owner’s right, and we encourage it,” Jennings-Doyle said.

Montgomery County property value protests

The number of protests jumped significantly in 2022.



Source: Montgomery County Appraisal District/Community Impact

In their words

- “When we certify value, that’s an estimate. ... We still have to allow the appraisal process to take its place.” —Janet Jennings-Doyle, chief appraiser, Montgomery Central Appraisal District

- “The backlog and protests make budget planning more difficult, so we have to use estimates for property tax revenue.” —Collin Boothe, assistant city administrator and director of finance, Conroe
- “[The property value study] was a curveball that hit us. It has the potential to be significant if we don’t get this fixed.” —Curtis Null, CISD superintendent
- “We feel very confident that we can get [state property study findings] reversed. If we can’t, it will be a \$33 million impact on our budget.” —Karen Garza, director of finance, Conroe ISD
- “[The county] are very heavily dependent on property tax ... [but] our diversification of revenues helps us.” —Monique Sharp, president and CEO, The Woodlands Township

What’s next?

The final results of the statewide school district property study will not be released until August, when a number of taxing entities in Montgomery County are planning budgets.

Jennings-Doyle said MCAD officials are working to introduce processes, including a pool of appraisal trainees to free up experienced appraisers for field work. In 2025, MCAD is also expecting to roll out new mobile apps and online portals, which will allow residents to complete the majority of the exemption and protest processes online.

“We have to be ready to meet [challenges] head on, and the only way for us to do that is to be equipped and to provide better resources, and making sure that we are up to date on our technology,” Jennings-Doyle said.