September 1st, 2026

Chairman Bettencourt and Members
Senate Committee on Local Government
Texas Senate

RE: Written Testimony on Ensuring Transparency in Appraisal District Funding

Chairman Bettencourt and Members of the Committee,

Thank you for the opportunity to provide comments regarding the governance, budgeting, and funding of Texas appraisal districts.

Appraisal districts occupy a unique position within Texas government. Although they do not levy taxes, their valuations directly determine the tax base upon which nearly every local property tax is assessed. As a result, taxpayers have a significant interest not only in the fairness of appraisals themselves, but also in the transparency, efficiency, and accountability of the organizations responsible for administering the appraisal system.

For that reason, appraisal districts should be held to the same standards of financial transparency expected of every other taxpayer-funded governmental entity.

Texas has made meaningful improvements to the property tax system over the past several years through increased transparency, elected appraisal district directors in larger counties, expanded taxpayer resources, and additional oversight. Those reforms represent important progress. However, additional opportunities remain to strengthen public confidence in how appraisal districts are funded and governed.

Unlike most local governmental entities, appraisal district budgets are funded through mandatory cost allocations paid by the taxing units they serve. Those costs are ultimately borne by taxpayers, yet many property owners have little visibility into how appraisal district budgets are developed, how expenditures are prioritized, or how administrative costs change over time.

The Legislature should require appraisal districts to present financial information in a standardized, easily accessible format that allows taxpayers and participating taxing entities to evaluate spending trends. Annual reporting should include detailed operating expenditures, staffing levels, employee compensation, capital projects, major contracts, litigation expenses, technology investments, reserve balances, and year-over-year budget comparisons.

Transparency should also extend to the methodology used to allocate costs among participating taxing units. Local governments should have a clear understanding of how their financial obligations are calculated and whether those formulas continue to reflect an equitable distribution of administrative costs.

Periodic independent performance and financial audits should likewise be considered. Those audits should evaluate not only financial accuracy, but also operational efficiency, procurement practices, contract management, technology utilization, and opportunities for cost savings. Taxpayers deserve confidence that appraisal districts are exercising the same fiscal discipline expected of every other publicly funded institution.

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Importantly, increasing transparency should not compromise the professional independence of appraisal districts in determining market value. Accurate and impartial appraisals remain essential to the integrity of Texas' property tax system. Strengthening financial accountability is not about influencing appraisal outcomes; it is about ensuring responsible stewardship of taxpayer resources and maintaining public trust in the institutions that administer the system.

The Legislature should also recognize that appraisal districts operate within a broader property tax system that many Texans find increasingly difficult to understand. Greater public access to budgets, meeting materials, contracts, performance metrics, and financial reports would improve confidence in the appraisal process while helping taxpayers better understand how appraisal districts operate and how administrative costs affect local taxing entities.

Ultimately, transparency is one of the most effective safeguards against waste, inefficiency, and declining public confidence. Texans should not have to wonder how appraisal districts spend public funds or how administrative budgets are established. Open financial reporting, regular independent review, and consistent accountability standards will strengthen both taxpayer confidence and the long-term integrity of Texas' property tax system.

Whether discussing property taxes, local government fees, or appraisal district budgets, the guiding principle should remain the same: Texans deserve complete transparency regarding how government raises, administers, and spends the money ultimately provided by taxpayers. Transparency is not an obstacle to effective government. It is one of government's most fundamental responsibilities and an essential safeguard for preserving public trust.

Thank you for your consideration.

For Liberty, For Texas!

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