



TAXING MATTERS NAVIGATING THE EVER-EVOLVING LANDSCAPE OF PROPERTY TAXES

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In this issue:

- In Unequal-Appraisal Cases, Parties Are Not Limited to Comparing Condominium Units Within the Same Facility, and Juries Are Not Required to Adopt Either Expert's Number; They May Choose Any Value Supported by the Evidence
- SOAH Can Hear Property-Tax Appeals Except for Those Involving Industrial Property; If the Appraisal District Claims Property Is Industrial, SOAH Must Dismiss for Lack of Jurisdiction Because the Legislature Did Not Authorize It to Decide Questions Pertaining to Its Own Jurisdiction
- Property Held in a Joint Venture Between a Religious Organization and For-Profit Entities May Still Qualify for a Religious Exemption If the Religious Organization Holds Equitable Title
- When a Taxpayer Challenges Both Market Value and Application of the Circuit-Breaker Cap, a Denial of the Cap Cannot Be Appealed Until Market Value Is Decided
- Property Used Both as a Residence and for Historic Property Charitable Exemption Purposes Cannot Qualify for a Charitable Exemption
- Successor Property Owners Attacking Old Tax-Foreclosure Judgments Must Prove a Due-Process Violation to Avoid Application of the One-Year Statute of Limitations
- The Tax Code Bars Standalone Declaratory and Injunctive Claims, but Class Action Appeals of ARB Orders Are Permitted

- Delinquent-Tax Suits May Proceed Even If the Government Does Not Acknowledge Prior Tax Payments in Its Pleadings
- A Person Operating an Unincorporated Religious Organization Can Be Held Liable for Delinquent Taxes Owed by the Entity

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UNEQUAL-APPRAISAL METHODOLOGY; USE OF SUBJECT PROPERTIES AS THEIR OWN COMPARABLES; FUNCTIONAL COMPARABILITY UNDER VALERO; JURY'S AUTHORITY TO DETERMINE VALUE WITHIN EVIDENTIARY RANGE; ADMISSIBILITY OF CERTIFIED APPRAISED VALUES; EXCLUSION OF POST-VALUATION MARKET-VALUE EVIDENCE CONSISTENT WITH TEXAS DISPOSAL; ATTORNEY'S FEES—SUFFICIENCY, SEGREGATION, AND APPLICATION OF STATUTORY CAP

Bexar Appraisal District v. Abasto Properties LLC, No. 04-22-00675-CV (Tex. App.—San Antonio Dec. 10, 2025, no pet.) (mem. op.).

Factual background.

The case involved sixty separately owned 4,000-square-foot cold-storage condominium units comprising the San Antonio Wholesale Produce Market (SAWPM), a unified wholesale warehouse and distribution facility operating under centralized management. Although the units were separately owned and taxed, SAWPM functioned as a single cold-storage operation competing against other large cold-storage facilities in Bexar County. After the appraisal district significantly increased the appraised values of the units between 2018 and 2019, the owners asserted unequal appraisal claims under Tax Code § 42.26(a)(3) for tax years 2018, 2019, and 2020.

Jury findings and scope of appeal.

The case was tried to a jury, which found that the subject properties were not unequally appraised for tax year 2018, but were unequally appraised for tax years 2019 and 2020, and the jury set reduced values for those two years. The appraisal district did not challenge the 2018 verdict on appeal and instead appealed only the adverse unequal-appraisal findings and reduced valuations for 2019 and 2020. The appellate issues therefore focused on whether the evidence and procedures supporting the jury's determinations for those two years were legally and factually sufficient.

Appraisal district's unequal-appraisal methodology.

The appraisal district's expert performed the unequal-appraisal analysis by comparing each of the sixty subject condominium units to the other fifty-nine units within the same facility. Median appraised values were derived exclusively from the subject properties themselves, without reference to any external cold-storage facilities. Under this approach, the appraisal roll values for the SAWPM units were effectively treated as the universe of comparable properties.

Taxpayer's expert methodology.

The taxpayer's expert approached the analysis from a functional perspective, treating SAWPM as a single integrated cold-storage operation rather than as sixty independent market participants. He identified eleven large cold-storage facilities in Bexar County that competed with SAWPM for tenants and customers, determined a median per-square-foot appraised value for those facilities with adjustments for differences in size, age, location, and physical characteristics, applied that median to the entire 240,000-square-foot SAWPM complex, and then allocated the resulting value among the individual units. The allocation mirrored how land and common-area value were already distributed to the units on the appraisal roll.

Challenges to comparability and expert reliability.

The appraisal district challenged the taxpayer's methodology on the ground that the selected comparables were larger facilities and therefore not legally comparable. The court rejected that argument, relying on the Texas Supreme Court's decision in *Valero Refining-Texas, L.P. v. Galveston Central Appraisal District*. In *Valero*, the Supreme Court explained that "comparable" does not mean "identical," particularly for complex or specialized properties, and that properties may be comparable if they perform similar business functions and can be appropriately adjusted. Applying that reasoning, the court held that

wholesale cold-storage facilities serving the same market function could be considered comparable despite differences in scale.

Allocation of value among condominium units.

The appraisal district also argued that deriving a value for the entire facility and allocating it to individual units was improper. The court disagreed, noting that the appraisal district itself allocates land and common-area value to each condominium unit on the appraisal roll. The court further observed that the taxpayer’s expert demonstrated that the same per-unit valuation would have resulted using a straight per-square-foot calculation, confirming that the allocation method did not distort value.

Role of the jury in determining value.

The appraisal district argued that, because unequal-appraisal claims under § 42.26(a)(3) must be based on “generally accepted appraisal methods and techniques,” the jury lacked authority to independently determine a median appraised value. According to the district, only licensed appraisers may select comparables and make adjustments, and once competing experts presented their opinions, the jury was required to choose one expert’s valuation in full. The district therefore contended that the jury acted improperly by arriving at a value that did not exactly match either expert’s opinion. The court rejected this position, holding that while expert testimony assists the jury, valuation remains a fact question. The jury was entitled to weigh the competing opinions, accept or reject portions of each, and determine a value within the range of competent evidence presented at trial.

Admission of certified appraised values.

The appraisal district argued that certified appraised values were inadmissible because the trial was de novo and prior ARB actions may not be admitted into evidence. The court distinguished between the fact of the ARB’s decision and the certified appraised values themselves. Because § 42.26 compares appraised values “as found on the tax rolls,” the certified values were foundational data and properly admitted.

Exclusion of post-valuation market-value evidence and *Texas Disposal*.

The appraisal district sought to introduce post-January 1 sales prices for certain units to explain the increase in appraised values. The court held that exclusion of this evidence was proper. While *Texas Disposal Systems Landfill, Inc. v. Travis Central Appraisal District* clarified that market-value evidence is not categorically irrelevant in unequal-appraisal cases, such evidence must be relevant to the equal-and-uniform inquiry and appropriately adjusted. The court further explained that even if higher market value were shown, a taxpayer remains entitled to the lower of market value or equal-and-uniform value, limiting the probative value of the excluded evidence in this case.

Attorney’s fees—sufficiency, segregation, and tax rates.

The appraisal district challenged the sufficiency of the taxpayer’s attorney-fee evidence, arguing it was conclusory. The court held that testimony regarding experience, hourly rates, time spent, and the nature of the work performed, supported by billing records, satisfied the applicable standards. The district’s argument that fees should have been segregated by individual units and tax years was rejected because the claims were intertwined, involving common legal theories, expert work, and trial presentation. Finally, the court rejected the argument that the taxpayer failed to introduce evidence of applicable tax rates, holding that application of the statutory fee cap is the trial court’s responsibility and that tax rates may be judicially noticed.

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SOAH HAS NO DUTY TO HOLD EVIDENTIARY HEARING ON INDUSTRIAL CLASSIFICATION; ALJ DID NOT ACT ULTRA VIRES OR VIOLATE DUE PROCESS

Exxon Mobil Global Services v. State Office of Administrative Hearings, No. 15-24-00034-CV, 2025 WL 3492057, at *1–8 (Tex. App.—15th Dist. Dec. 5, 2025, no pet. h.).

Exxon Mobil Global Services protested Harris County’s 2021 appraisal of computer and telecommunications equipment, contending that the property had been overvalued. After the ARB denied its protests and carried forward the prior year’s appraisal, Exxon appealed to SOAH rather than district court. The appraisal district moved to dismiss, asserting the property was classified by the appraisal district as industrial and therefore outside SOAH’s statutory jurisdiction. Exxon responded that the

property was not used for industrial purposes. The ALJ dismissed the appeals without holding an evidentiary hearing on classification.

Exxon sought mandamus relief in district court, arguing the ALJ had a ministerial duty to hold a hearing to determine whether the property was truly industrial and that refusal to do so was ultra vires and violated due process. The court of appeals rejected those arguments and affirmed dismissal. The court held that SOAH’s jurisdiction is strictly limited by statute and does not include authority to decide industrial classification, even for jurisdictional purposes. Because the Legislature did not grant SOAH power to adjudicate classification disputes, the ALJ had no ministerial duty to conduct an evidentiary hearing and did not act ultra vires by declining to do so.

The court further held that Exxon’s due process claim failed because SOAH could not provide process beyond its statutory authority, and Exxon voluntarily chose SOAH over the district court, which had full jurisdiction to hear classification disputes. Accordingly, the district court properly granted SOAH’s plea to the jurisdiction.

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RELIGIOUS TAX EXEMPTION APPLIED BASED ON CHURCH’S EQUITABLE OWNERSHIP AND RELIGIOUS USE, EVEN THOUGH LEGAL TITLE WAS HELD BY PARTNERSHIP

South ½ Block 8 Venture v. Travis Central Appraisal District, No. 03-23-00764-CV, 2025 WL 3289204 (Tex. App.—Austin Nov. 26, 2025, no pet. h.) (mem. op.).

A partnership sought a religious-organizations exemption for a downtown Austin parcel used as a Christian Science Reading Room, even though the partnership—not the church—held legal title during the tax years at issue. The church had conveyed the property to the partnership under an agreement allowing it to withdraw at any time and compel reconveyance of its parcel, and it continued to use the property exclusively for religious purposes. Travis Central Appraisal District denied the exemption, arguing that only legal-title holders that are religious organizations qualify under Tax Code § 11.20.

The trial court granted summary judgment for the appraisal district, but the court of appeals reversed and rendered judgment for the taxpayer. The court held that the term “owner” in the religious-organizations exemption includes equitable owners, consistent with the Texas Supreme Court’s interpretation of ownership in other exemption statutes. Because the church had an unqualified right to compel reconveyance of legal title by withdrawing from the partnership, it was the equitable owner of the parcel. The court rejected the appraisal district’s argument that the church’s interest was merely contingent or speculative.

The court further held that the church satisfied all statutory requirements to qualify as a religious organization and that its Reading Room constituted religious worship under the Tax Code. Because the church’s equitable ownership and religious use entitled the property to exemption, that exemption could be imputed to the partnership holding legal title. Accordingly, the court rendered judgment that the property was fully exempt from taxation for the years 2015 through 2017.

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PERMISSIVE APPEAL DENIED BECAUSE CIRCUIT-BREAKER ISSUE WAS NOT RIPE BEFORE DE NOVO DETERMINATION OF MARKET VALUE

Westview Drive Invs., LLC v. Harris Central Appraisal District, No. 01-25-00205-CV, 2025 WL 3275143, at *1–8 (Tex. App.—Houston [1st Dist.] Nov. 25, 2025, no pet. h.) (mem. op.).

Westview Drive Investments challenged the 2024 appraised value of its Houston apartment complex and sought to invoke the new “circuit breaker” limitation in Tax Code § 23.231, which caps annual increases in appraised value for qualifying property. After the ARB reduced the 2024 value from the appraisal district’s figure but set it well above the 2023 settled value, Westview filed suit for judicial review and moved for summary judgment asserting that the circuit breaker limited the 2024 appraised value to no more than 20 percent above the 2023 value. The trial court denied summary judgment but certified a controlling question for permissive appeal on whether § 23.231 imposed that cap.

The court of appeals denied permission to appeal. It held that the certified question was not ripe because, in a tax appeal tried de novo, the trial court must first determine the property’s 2024 market value before any statutory cap can be applied. If the 2024 market value is found to be equal to or less than the 2023 appraised value, the circuit breaker would never be triggered, making the statutory question purely contingent. Because resolution of the issue depended on future fact findings that may not occur as anticipated, the question was not a controlling question of law suitable for interlocutory review.

The court further held that a taxpayer’s willingness to accept a capped value and dismiss the case did not confer appellate jurisdiction or justify issuing an advisory opinion. Accordingly, the statutory requirements for a permissive interlocutory appeal were not met, and the petition was denied.

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CHARITABLE EXEMPTION DENIED WHERE PROPERTY WAS CO-OWNED AND USED AS OWNERS’ RESIDENTIAL HOMESTEAD; RESIDENTIAL USE NOT “INCIDENTAL” AS A MATTER OF LAW

Duncan House Charitable Corp. v. Harris Cnty. Appraisal Dist., No. 14-24-00682-CV, 2025 WL 3165691, at *1–5 (Tex. App.—Houston [14th Dist.] Nov. 13, 2025, no pet. h.) (mem. op.).

The Duncan House Charitable Corporation sought a charitable exemption under Tax Code § 11.18 for its undivided fifty percent interest in a historic River Oaks residence for tax years 2017 and 2018. The property had long been occupied by William and Carol Cantrell as their primary residence and was subject to a residential homestead and over-65 exemption on Mr. Cantrell’s undivided fifty percent interest. After Mrs. Cantrell conveyed her interest to Duncan House, the Cantrells continued to live in the home, claimed homestead exemptions, and used the property as their full-time residence, while also offering limited public access and tours.

HCAD denied the charitable exemption, and the trial court granted summary judgment for HCAD. The court of appeals affirmed, holding that a charitable exemption requires exclusive charitable use, except for truly incidental use. Because Mr. Cantrell owned an undivided fifty percent interest and occupied the entire property as his residential homestead, his use was not incidental as a matter of law. The court rejected Duncan House’s argument that residential use of only a small percentage of the home qualified as incidental, emphasizing that cotenants have full rights to possession of the entire property. Occasional tours and historic-preservation activities did not overcome the property’s primary residential use. Because HCAD conclusively negated exclusive charitable use, the exemption failed, and the court did not reach HCAD’s alternative grounds for summary judgment.

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SUCCESSOR CHALLENGING TAX FORECLOSURE JUDGMENT HAD BURDEN TO PROVE DUE-PROCESS VIOLATION; MERE EXISTENCE OF ADDRESS IN TAX ROLLS INSUFFICIENT TO AVOID LIMITATIONS BAR

White Star Energy, Inc. v. Ridgefield Permian Minerals, LLC, No. 08-24-00063-CV (Tex. App.—El Paso Oct. 31, 2025, no pet.) (mem. op.).

This permissive appeal arose from competing claims to mineral interests sold at a 1999 Reagan County tax foreclosure sale. White Star purchased the interests at the tax sale, and more than twenty years later, Ridgefield acquired the former owner’s remaining interests and sued to quiet title, asserting the tax judgment was void for lack of due process because service had been by posting. The trial court granted summary judgment for Ridgefield, concluding the tax judgment was void, the sheriff’s deed conveyed nothing, and Tax Code limitations provisions did not apply.

The court of appeals vacated and remanded. Relying on *Gill v. Hill*, the court held that Ridgefield, as the party seeking to avoid the one-year limitations bar in Tax Code § 33.54(a), bore the burden to prove an individualized due-process violation in the underlying tax suit. Evidence that a taxpayer’s address appeared in public tax rolls, standing alone, was insufficient to establish lack of diligence in service or a due-process violation as a matter of law. Because Ridgefield failed to present evidence that the taxpayer

could have been located and personally served, it did not conclusively negate White Star’s limitations defense.

The court held the trial court erred in granting summary judgment for Ridgefield and in denying White Star’s summary-judgment motion based on § 33.54(a). In light of intervening Supreme Court authority clarifying the governing standards, the court vacated the judgment and remanded for further proceedings rather than rendering judgment.

FAILURE TO RAISE MARKET-VALUE CLAIM BEFORE ARB BARRED DISTRICT-COURT REVIEW; OPEN-SPACE DEGREE-OF-INTENSITY STANDARDS PRESUMED VALID; ARBITRATION FEE-SHIFTING STATUTE DID NOT APPLY WHEN TAXPAYER LOST AT TRIAL

Johnson v. Bastrop Cent. Appraisal Dist., No. 03-24-00596-CV, 2025 WL 2989173, at *1–5 (Tex. App.—Austin Oct. 24, 2025, no pet.) (mem. op.).

In 2018, the owner applied for an open-space appraisal for 19.8 acres used for grazing seven horses. Bastrop Central Appraisal District denied the application, and the owner protested only the denial of special appraisal—not market value. The ARB affirmed the denial, and its order reflected that the market values were correct. The case was referred to nonbinding arbitration, where the arbitrator concluded the property qualified for open-space appraisal, but the appraisal district rejected the arbitrator’s determination, and the case proceeded to trial.

More than five years after filing suit, the owner amended his petition to assert a new excessive-value claim, declaratory relief, and attorney’s fees. The trial court granted the appraisal district’s plea to the jurisdiction as to the excessive-value claim and summary judgment on the merits, and the court of appeals affirmed. The court held that it lacked jurisdiction over the excessive-value claim because the owner failed to exhaust administrative remedies by raising market value before the ARB.

On the merits, the court held that the appraisal district was entitled to summary judgment on the open-space issue because its agricultural-use manual required minimum acreage far exceeding the property’s size. The court emphasized that chief appraisers are statutorily authorized to adopt degree-of-intensity standards and that those standards are presumed valid and may not be overturned unless the chief appraiser acted contrary to the Tax Code. The court also rejected the owner’s attempt to obtain relief under the Uniform Declaratory Judgments Act as an impermissible effort to obtain redundant relief and attorney’s fees where the Tax Code provides exclusive remedies.

Finally, the court held that Tax Code § 42.225 did not authorize attorney’s fees. Although the arbitrator ruled in the owner’s favor, the final determination at trial was less favorable to the taxpayer, resulting in a higher appraised value than that implied by the arbitration award. Because § 42.225 shifts fees only when the final determination results in an appraised value equal to or less than the arbitrator’s finding, the statute did not apply.

TAX CODE’S EXCLUSIVE REMEDIES BARRED STANDALONE DECLARATORY JUDGMENT AND INJUNCTIVE CLAIMS, BUT DID NOT PRECLUDE CLASS ACTION ON ARB APPEALS WHERE ADMINISTRATIVE REMEDIES WERE EXHAUSTED

Robertson Cent. Appraisal Dist. v. Hoppess, No. 10-22-00396-CV, 2025 WL 2934519, at *1–7 (Tex. App.—Waco Oct. 16, 2025, no pet. h.) (mem. op.).

Multiple property owners sued the Robertson Central Appraisal District and its officials alleging that pipeline easements and corridors were systematically excluded or undervalued, resulting in unequal taxation of their properties. The owners alleged they protested their appraised values and unequal appraisal before the ARB for tax years 2013–2021 and appealed the ARB’s orders to district court, while also asserting standalone claims for declaratory and injunctive relief and seeking class certification. The

appraisal district filed a partial plea to the jurisdiction challenging the declaratory judgment claims, injunctive relief, and class claims, arguing the Tax Code provides exclusive remedies.

The court of appeals held that the trial court lacked jurisdiction over the owners' standalone declaratory judgment action and requests for injunctive relief because those claims were redundant of the Tax Code's administrative appeal process. The court emphasized that the owners expressly sought relief under Tax Code § 42.24 and merely repleaded valuation and equalization complaints in constitutional and declaratory terms. Recasting appraisal disputes as ultra vires or constitutional claims did not avoid the Tax Code's exclusivity provisions. The court also held that class certification could not be maintained as to the dismissed declaratory judgment and injunctive claims.

However, the court held that the trial court did not err in allowing the case to proceed as a potential class action limited to appeals of ARB orders, where class members had exhausted administrative remedies and timely invoked district-court jurisdiction. The court therefore reversed and rendered dismissal of the declaratory judgment, injunctive, and related class claims, but affirmed the denial of the plea to the jurisdiction as to the ARB appeals.

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TAXING AUTHORITIES HAD STANDING TO COLLECT DELINQUENT TAXES; PETITION NEED NOT ACCOUNT FOR ALLEGED PRIOR PAYMENTS; FAILURE TO RULE ON MERITLESS MOTIONS DID NOT DEPRIVE COURT OF JURISDICTION

Cantu v. Pasadena Indep. Sch. Dist., et al., No. 14-24-00747-CV, 2025 WL 2934048 (Tex. App.—Houston [14th Dist.] Oct. 16, 2025, no pet.) (mem. op.).

Several taxing authorities sued Artemio Cantu to collect delinquent property taxes on vehicles and two tracts of land in Harris County. Cantu, appearing pro se, filed motions asserting that he had previously tendered payment and arguing that the taxing authorities' petition was deficient because it did not account for those alleged payments. He contended that, as a result, the taxing authorities lacked standing and the trial court lacked jurisdiction, and he sought to strike the petition or compel an amended pleading.

The trial court entered judgment for the taxing authorities, and the court of appeals affirmed. The court held that Tax Code § 33.43 does not require a taxing authority to plead an accounting of alleged prior payments in a delinquent-tax petition. Prior payment is an affirmative defense that the taxpayer must raise and prove after the taxing authority establishes its prima facie case. Because the petition alleged delinquency as required by statute, the taxing authorities had standing, and the trial court had subject-matter jurisdiction.

The court further held that the taxing authorities' failure to respond to Cantu's motions did not constitute an admission or require the trial court to grant relief. Any failure to expressly rule on Cantu's motions was harmless, as the motions were meritless and were implicitly denied in the final judgment. Finding no reversible error, the court affirmed the judgment for delinquent taxes, penalties, interest, and fees.

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INDIVIDUAL MANAGING UNINCORPORATED RELIGIOUS ENTITY WAS PROPER PARTY TO DELINQUENT TAX SUIT; SUBSTITUTED SERVICE VALID; RELIGIOUS BELIEFS DID NOT EXCUSE COMPLIANCE WITH TAX CODE

Van Horne v. Central Appraisal District of Taylor County, No. 11-25-00030-CV, 2025 WL 2797281, at *1-4 (Tex. App.—Eastland Oct. 2, 2025, no pet. h.) (mem. op.).

The Central Appraisal District of Taylor County sued Van Horne to collect delinquent property taxes for tax years 2022 and 2023 on two properties in Taylor County. After unsuccessful attempts at personal service, the trial court authorized substituted service, and Van Horne was served by posting at his residence. Van Horne appeared and participated at a bench trial, after which the trial court entered judgment for the delinquent taxes.

On appeal, Van Horne argued that he was not a proper party, that the appraisal district lacked standing, that service was defective, and that he was exempt from taxation based on religious beliefs and “matters of conscience.” The court of appeals affirmed. It held that Van Horne was a proper defendant because he managed and controlled an unincorporated religious entity that owned the property, and individuals doing business through unincorporated entities are personally liable for the entity’s obligations. The court rejected Van Horne’s standing arguments as previously resolved and held that substituted service strictly complied with the trial court’s order and Rule 106.

The court further held that religious beliefs do not excuse compliance with generally applicable tax laws and that statutory exemptions must be applied for and proven under the Tax Code. Because Van Horne failed to obtain any exemption and was properly served and subject to the court’s jurisdiction, the judgment for delinquent taxes was affirmed.



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