



TAXING MATTERS

TEXAS PROPERTY TAX LAW UPDATE

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John Brusniak

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TAXPAYERS ALLEGING DIRECT FINANCIAL INJURY HAVE STANDING TO CHALLENGE AN UNLAWFUL TAX

Busse v. South Texas Independent School District, —S.W.3d—, 2026 WL 1279764 (Tex. May 8, 2026).

Willacy County taxpayers challenged an ad valorem tax imposed by South Texas Independent School District. They alleged that voters had authorized a countywide rehabilitation district in 1974 to provide educational and vocational services to disabled students, but that the district had since evolved into an independent school district serving the general student population. They contended that the district therefore lacked constitutional authority to levy the tax it was collecting from them.

The Texas Supreme Court held that the taxpayers had standing because they alleged a direct, personal financial injury: each was required to pay the allegedly unlawful tax. This distinguished their claim from a generalized complaint about how government spends public money. Because their injury resulted directly from the tax and could be remedied by an injunction against its collection, ordinary constitutional standing principles were satisfied. The Court rejected the court of appeals’ conclusion that potential disruption of governmental operations defeated standing; that consideration applies to the separate doctrine of taxpayer standing, not to taxpayers challenging taxes imposed directly upon them. The Court did not decide whether the tax was unlawful and remanded for consideration of the remaining jurisdictional issues.

CORRECTED TAX ROLL DOES NOT PERMANENTLY BAR PENALTIES AND INTEREST ON LATER DELINQUENCY

Rago v. City of El Paso, No. 08-24-00328-CV, 2026 WL 1613274 (Tex. App.—El Paso June 4, 2026, no pet.) (mem. op.).

The City sued to collect delinquent ad valorem taxes. In an earlier tax-protest suit, a 2022 judgment reduced the property’s appraised values and provided that penalties and interest for the affected years were to be refunded or not charged. The appraisal and tax rolls were corrected, existing penalties and interest were removed, and corrected tax bills were issued. When the corrected taxes were not paid, new penalties and interest accrued.

The court of appeals affirmed the City’s delinquent-tax judgment. The prior judgment eliminated penalties and interest accrued before the tax rolls were corrected, but did not prevent new penalties and interest from accruing if the corrected taxes were not timely paid. The corrected tax rolls replaced the former rolls and became the basis for determining the taxes due and any subsequent penalties and interest. The court also held that payment is an affirmative defense that is waived if not pleaded.

LAND PATENT DOES NOT EXEMPT PROPERTY FROM AD VALOREM TAXATION

Solari v. Comal Appraisal District, No. 03-25-00411-CV, 2026 WL 1825614 (Tex. App.—Austin June 25, 2026, no pet.) (mem. op.).

Property owners sought an exemption for two residential lots, contending that their “Texas Land Patents” conveyed the properties without reserving the State’s right to tax them. The appraisal district denied the exemption, the ARB upheld the denial, and the owners sought judicial review against both.

The court of appeals affirmed. A land patent transfers the government’s ownership interest in property but does not surrender the State’s sovereign power to tax it. Real property located in Texas is taxable unless exempt by law, and no exemption exists merely because title derives from a land patent. The court also affirmed dismissal of the ARB because the Tax Code expressly prohibits bringing a petition for judicial review against an appraisal review board.

MULTIPLE-APPRAISAL CORRECTION REQUIRES SAME PROPERTY TO APPEAR ON TWO APPRAISAL ROLLS IN THE SAME YEAR

J-W Power Co. v. Wise County Appraisal District, No. 02-22-00227-CV, 2026 WL 1501054 (Tex. App.—Fort Worth May 28, 2026, no pet.) (mem. op. on remand).

J-W Power maintained its dealer’s heavy equipment inventory (DHEI), consisting of leased compressors, in Palo Pinto County, although individual compressors were physically located in Wise County. After unsuccessfully protesting Wise County’s taxation of the compressors and failing to appeal those decisions, J-W Power later sought corrections to the appraisal rolls, claiming that the compressors had been multiply appraised and did not exist in the form or at the location described on Wise County’s rolls.

The court held that a multiple-appraisal correction requires the same property actually to appear on more than one appraisal roll during the same tax year. Merely reporting DHEI to the county where the inventory is maintained does not establish that every individual item was appraised there. Only one compressor appeared on both Wise and Palo Pinto Counties' appraisal rolls in the same year, so J-W Power was entitled to relief only for that compressor.

The court also rejected J-W Power's alternative claim that the compressors did not exist in the form or location described on Wise County's rolls. "Location" means physical location, not taxable situs, and "form" refers to the type of property rather than its tax treatment as DHEI.

TAXING UNIT MAY PURSUE PERSONAL LIABILITY FOR MANUFACTURED-HOME TAXES EVEN WITHOUT ENFORCEABLE TAX LIEN

Williams v. County of Denton, Texas, No. 02-25-00402-CV, 2026 WL 1445579 (Tex. App.—Fort Worth May 21, 2026, no pet.) (mem. op.).

Denton County obtained a judgment against the owner of two manufactured homes for unpaid property taxes. The owner argued that the County could not collect the taxes because it had not timely recorded tax liens on the homes with the Texas Department of Housing and Community Affairs.

The court of appeals affirmed. Although failure to timely record a manufactured-home tax lien may prevent a taxing unit from foreclosing on the home, it does not eliminate the owner's personal liability for the taxes. Because the County sought a personal judgment against the owner rather than foreclosure of a tax lien, the absence of an enforceable lien did not prevent recovery. The court also rejected the owner's claim that he was protected as a bona fide purchaser because he neither pleaded nor proved that defense.

FAILURE TO NOTIFY OWNER OF TAX FORECLOSURE SALE PERMITTED RECOVERY OF EXCESS PROCEEDS DESPITE LATE PETITION

Tatum ISD v. McAllister, No. 06-25-00077-CV, 2026 WL 885213 (Tex. App.—Texarkana Apr. 1, 2026, no pet.) (mem. op.).

After property was sold to satisfy \$18,801.84 in delinquent taxes, \$70,471.18 in excess proceeds remained. Although the former owner received notice that excess proceeds were available, he was not notified of the April 4, 2023, foreclosure sale date. The Tax Code required him to file a petition claiming the proceeds within two years of that date. He appeared at the district clerk's office to claim the proceeds before the two-year period expired but did not file his petition until twelve days after the deadline.

The court of appeals affirmed the award of the excess proceeds to the former owner. The Tax Code required written notice of the foreclosure sale to each defendant, and the record did not show that notice of the sale was sent to the pro se owner. Because the lack of notice raised due-process concerns and the owner had personally asserted his claim with the district clerk before the two-year period expired, the trial court did not abuse its discretion in awarding him the proceeds despite the late-filed petition.



John Brusniak

BRUSNIAK PC

17480 Dallas Parkway, Suite 210, Dallas, Texas 75287

(214) 506-1073



Brusniak PC | 17480 Dallas Parkway Suite 210 | Dallas, TX 75287 US

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