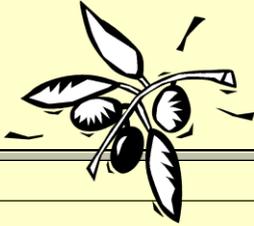


# CCAD VALUATIONS



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## Important legislative changes to the valuation process in effect

The last legislative session in Austin produced four major law changes that will affect the way local tax valuations are performed.

### Residential Basis for Valuations

Residential homestead properties that are located in areas of commercial or non-residential use will be assisted by Proposition 2 that was approved by 68% of voters on the November ballot. This change will require appraisal districts to value residential homesteaded property solely on the basis of residential use. Prior to this change, appraisers were required to value the property at its highest and best use if it were to be sold. An example of these types of properties would be homes along South Jackson in Jacksonville where the best use of the property would be for commercial purposes.

## Important Appraisal Review Board (ARB) Issues

The ARB process allows property owners to seek formal remedy when discussions with appraisal district staff are not satisfactory to the owner. To assist property owners in developing and presenting their case, the State Comptroller’s office has prepared an online video that can be seen at their website:

<http://www.window.state.tx.us/taxinfo/proptax/>  
Look for the link “Property Appraisal Protests and Appeals” on their page. The website also contains helpful information about the property tax system.

There have also been some changes to the scheduling of hearings that owners need to be aware of.

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### CAD limited on increasing prior ARB Decisions

Beginning with the 2010 ARB season, if a taxpayer’s property is LOWERED as a result of an ARB Determination, arbitration or court decision, the appraisal district may not raise the value of the property in the following year unless it meets strict guidelines. If the taxpayer contests the value in the following year because the district increased the value, the appraisal district must submit evidence to the ARB supporting the change.

*Please see “Legislative Changes” on page 4*

An owner who does not have an agent is entitled to one postponement without good cause if they contact the ARB **prior** to their scheduled hearing date and request a rescheduled meeting. In this case, the ARB is required to reschedule the hearing.

An owner who fails to appear at their hearing for good cause may write to the ARB within four days with an explanation of the reason for missing the hearing. The ARB may grant a new hearing date to the owner if the reason for good cause meets statutory requirements. Basically, the law states that failure to appear due to “intentional” or “conscious indifference” shall not be considered good cause for rescheduling.

*Please see “ARB Issues” on page 4*

## Property Tax Terms

Many terms used in property tax circles are often confusing for property owners. Terms such as sale ratios, improvements and effective acreages are just a few of them. In this year's newsletter, we have selected a few of the most common terms encountered by taxpayers for discussion.

### Improvements

This is a term that most often invokes a reaction from owners who know they have not made any changes to their property. In the property tax business though, "Improvements" refer to structures added to a vacant parcel of land. These "improvements to land" could be something as simple as installing a septic system or water meter or performing dirt work that increases the value of the land. With regard to this District however, the term speaks to structures including, but not limited to, residential homes, barns or commercial buildings.

### Sale Ratio

A sale ratio is one of many statistical measures used to adjust categories of property values. It is the percentage found by dividing district market value by sale price on a specific property. For

example, if a property sold for \$100,000 and the district's market value is \$95,000, the sale ratio is 95% ( $95,000/100,000$ ). Conversely, if the district's market value on that same parcel was \$115,000, the ratio would be 115%. Sales ratios are used by the district to examine the level of appraisal on groups or categories of properties when setting value each year. On the average, ratios should be at 100%.

### Effective Acreage

Also called "pricing acreage", this term refers to all acreage owned by the same owner in other tax accounts. To be counted as effective acreage, the various tax accounts must be adjacent to each other. For example, a taxpayer who owns three separate ten acre tracts that adjoin will be priced as though it was one 30 acre tract.

### Percent Good

This term is connected to the physical age and depreciation of a structure. If a structure has depreciated 25%, the district refers to it as being "*75% Good*" ( $100\% - 25\%$ ).

If a district employee uses a term you are not familiar with, please do not hesitate to ask for an explanation.

## Improper Influence and Appraisal District Value

One of the most disturbing issues that the appraisal district deals with on an annual basis is the misconception that the appraisal district sets value according to the wishes of taxing units or the board of directors. Neither case is true.

Appraisal Districts attempt to set value based upon market information each year. That information determines whether values go up, down or remain the same. It is the responsibility of the chief appraiser to examine that data and take action accordingly.

Any attempts by taxing authorities to improperly influence valuations can trigger several ethical and legal penalties.

The Property Tax Code also specifically prohibits the appraisal district board of directors from discussing matters of value with the chief appraiser outside of a legally posted public meeting. However, even at a legally posted public meeting, the board is prevented from improperly influencing value by the same ethical and penal standards.

*"Any attempts by taxing authorities to improperly influence valuations can trigger several ethical and legal penalties"*

## Tax Ceilings for Over 65 and Social Security Disabilities

Taxpayers who are over the age of 65 or who qualify for social security disability can obtain certain protections from future tax increases on their residence homesteaded property.

Many misconceptions exist on exactly what this limitation means. In short, the taxes a person pays on the residence homestead in the year in which they qualify for this limitation becomes their “frozen” tax amount. This is the maximum tax they will pay in the future on the homestead. There is, however, no limit on the valuation of the property or the tax rate; just on the dollar amount of taxes to be paid.

Each year, the tax assessor calculates the amount of tax due on the residence homestead using the current valuation and current tax rates. They then compare that amount to the “frozen” tax that was set. The lesser of the two figures becomes the amount of tax due for the year. With this limitation or “freeze”, increases in tax rates and tax values do not impact the taxpayer.

It is important to know two things about the limitation. First, it only applies to property that is homesteaded. In other words, excess land or other structures owned by the taxpayer that are not covered under the residential homestead exemption are not frozen under this statute. Second, if a taxpayer makes significant improvements to their homestead, the “freeze” may be reset. Significant improvements would be those that add square footage to the residence by adding decks, garages or additional living area. The “freeze” is reset by calculating the current taxes on the addition and adding that figure to the original frozen amount.

Currently, this freeze is offered by all schools, the county and the cities of Jacksonville, Rusk and Bullard.

More information on tax freezes may be found at the District’s office or online at the Comptroller’s website.

## Other Sources of Property Tax Information

District value information can still be found on the web at <http://www.cherokeecad.com/> click on the ‘Search Roll’ button and follow the links. The website also has the ability to display digital maps of District parcels including 2009 aerial photos. If you do not have web access you may search property information at the District office during business hours.

Also available in the District office are several brochures explaining various property tax functions in more depth such as Over65 Tax Ceilings, Ag Productive Value, Appraisal District Operations and many more. Brochures may be obtained during business hours or by sending us a self-addressed, stamped envelope. Please note which brochure you are requesting.

The State Comptroller’s website at <http://www.window.state.tx.us/taxinfo/proptax/> has several resources to work with including an online link to the Texas Property Tax Code that governs appraisal district operations. This website contains a Guide to Property Tax Basics and an online version of the Taxpayer Rights and Remedies publication as well as many other useful items.

## How to Contact Us

The Appraisal District is open Monday through Friday from 8am to 5pm. We are located at 107 East 6<sup>th</sup> Street in Rusk.

Our mailing address is Post Office Box 494, Rusk, Texas, 75785.

Or we may be reached during business hours at 903-683-2296. Facsimiles may be sent to 903-683-6271.

From *Legislative Changes* on page 1

### **Exclusion of Foreclosures Prohibited**

When valuing residential homestead property, an appraisal district may not exclude foreclosures that occurred in any of the three prior years. The foreclosure must have been comparable to the subject property at the time of sale. This will require districts to consider the effect of foreclosure and non-foreclosure sales on the market value of residential homesteads.

### **Comparable sales limited to 24 months**

Appraisal districts are now limited to sales that occurred within the previous 24 months. However, the law allows exceptions to this limit if there were not enough sales of comparable properties within that time period. The bill requires that comparable sales are appropriately time-adjusted.

From *ARB Issues* on page 1

Persons who have been scheduled for an ARB hearing in another county on conflicting dates are also entitled to a rescheduled hearing. To obtain a postponement for this reason, the owner or their agent must show that the other county's ARB hearing notice is postmarked with an earlier date.

Remember that 14 days prior to your hearing, the appraisal district must make available to protesting owners all data, schedules and other evidence the district has considered or will use at the hearing. To obtain this information you must file a written request with the appraisal district. The charge for this information is restricted to no more than \$15 for residential protests and \$25 for non-residential protests.

## **Where to file Complaints about Non-Valuation Issues**

This year the legal complaint process concerning licensed CAD appraisers has changed. The Texas Department of Licensing and Regulation (TDLR) is now the oversight agency for staff appraisers.

Complaints about a licensed district appraiser should now be registered with the TDLR. These complaints generally should regard illegal or unethical behavior. Complaints may be filed by mail to: **Texas Department of Licensing and Regulation, Attn: Enforcement-Intake, P.O. Box 12157, Austin, TX 78711**. There is also an online option to file complaints at their website: <http://www.license.state.tx.us/index.html> Follow the links on the home page to access the complaint process.

Complaints concerning District staff should be directed to the Chief Appraiser. However, if the complaint is about the Chief Appraiser, you may request a meeting with the CCAD Board of Directors. Persons requesting to appear before the Board of Directors should submit their request to the District's mailing address to the attention of the Chairman of the Board of Directors. You will have the opportunity to appear at the next Directors meeting.

Complaints about taxes or tax rates should be directed to the appropriate governing body such as the County Commissioner's Court, City Council or School Board of Trustees.