

CCAD VALUATIONS

2023 Cherokee
County Appraisals



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Will They, or Won't They?

In session, out of session, back in session and gone. As I write this article, that seems to be the whack-a-mole perspective of our state's legislature.

There is an evident disconnect between the house and senate over how to deliver meaningful property tax relief. The house is determined to expand appraisal caps to more than just homesteads and reduce the existing ten percentage cap. The senate is determined to reject the appraisal cap proposal in favor of a significant increase in homestead related exemption amounts. Both chambers however seem to support another mandatory compression of school tax rates. Where does this leave us?

At the current moment within this first special session, the Texas House has passed their plan in HB1, declared the senate bill dead on arrival, and adjourned all in one motion in a move seemingly supported by Gov. Abbott. Unfortunately, it does not appear that will accomplish much more than gamesmanship as the senate is not likely to pass HB1.

What are the pros and cons behind each approach and why is it that they can't find common ground? Let's take a moment to explore those things.

The Texas House knows that appraisal caps are widely supported by taxpayers. The problem however is that those caps result in unintended consequences. First, they cause inequity of tax burden within local real estate markets. Some properties will be taxed at 100% market value while neighboring properties are taxed as something less than 100% because they are capped. This contributes to an unfairness within the system. Second, lawmakers may be concerned owners would be resistant to sell and buy elsewhere because they would lose their low tax value basis that the cap provides. Why sell a home with a capped value only to

buy a home without one? These reasons are causing the senate to throw on the brakes.

On the senate side, homestead and over 65 exemptions are their focus. Increasing the homestead from \$40,000 to \$70,000 or \$100,000 and the over 65 from \$10,000 to \$30,000 is the way they think will provide owners the best relief. The downside to this is that only homesteads receive the relief.

One sure take-a-way from the debate between caps or exemptions is this: caps do not help senior citizen property owners, exemption increases do. Why is this?

Value increases on frozen over 65 property have no impact on their tax bill... because their taxes are frozen. Therefore, capping values does nothing for seniors. On the other hand, increasing exemptions does help them because their freeze will be lowered to account for the higher exemptions.

This leads us to another take-a-way: homestead exemptions do not help non-homestead property, appraisal caps do. For all rent property, commercial realty and other non-homestead properties, there is no relief apart from either appraisal caps or reduced tax rates. So, what's the problem? Why can't they just do both?

Well, that's a \$17 billion question. The price tag on doing both caps, higher exemptions AND compressing school tax rates is just too expensive. They can't pay for it.

Now we wait to see who blinks first. But with every day that passes, enacting any relief for 2023 becomes increasingly problematic because of the deadlines for adopting tax rates and budgets for the upcoming fiscal year. What will happen? Your guess is as good as mine.

Lee Flowers

Observations about the Market

Residential property sale prices across the county have continued to climb. A recent study of over 100 Cherokee County properties sold and resold since 2019 indicate a 1% to 1.5% per month rate of appreciation. Will this trend continue? That answer is complicated. At the present time, rising mortgage rates and population shifts are resulting in a mixed bag of predictions about the immediate future of local realty prices.

On the one hand, as mortgage rates rise, some buyers may find property prices just beyond their reach. This alone could result in a cooling of prices if not a decline. However, migration to Texas from other states continues to create buyer demand for limited properties available for sale. This causes a conundrum for real estate prognosticators.

At the appraisal district, values are set as of January 1st each year. Those values are deeply influenced by market activity within and around January 1.

Since tax values must be set in the second calendar quarter, what is happening now or what may happen as the year progresses is largely irrelevant to January 1st valuations.

It's All About the Taxes...

The most prevalent issue discussed among protesting property owners is simply the higher tax bill. Most taxpayers see the connection between local real estate sales and appraised values. But that does not help them digest the thought of a higher tax bill.

Many protestors are requesting a manual estimate of tax from our tax collection department. The problem with obtaining an estimate of tax at this point is that we do not know what tax rates this fall will be.

Adding to the problem are the on again off again actions of the legislature as they try to come to an agreement on tax relief. Any compression of school tax rates at this late juncture will be very difficult to implement due to the deadlines for adopting tax rates, any constitutional amendments to be decided on the November ballot and the preparation and delivery of tax bills.

Because of these things, any estimate we do now is a longshot at best.

Social Media and Taxpayer Assistance

CCAD has a YouTube Channel and Facebook page where you can find information and videos to assist you with productive lands. Also, our website has other resources such as online brochures explaining several facets of property tax exemptions and processes.

The State Comptroller's website contains a vast amount of information, including videos on presenting your case at the ARB!!

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Protest Notices and Deadlines

Approximately 35,000 Notices of Value have been sent out for 2023 properties. These notices were generated for properties with a change in value of +/- \$1,000. Additionally, new owners since Jan. 1 of last year should also receive a Notice of Value.

If you have submitted a rendition or requested a notice, you should be receiving a Notice on those properties as well.

The deadline to file a protest is June 23, 2023 for most properties. Property owners are encouraged to refer to their Notice of Value for the deadline to file a protest.

Contact CCAD for more details.

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The Other Side of the Coin

Tax value set by the appraisal district is just one part of the picture.

While values are at the mercy of buyers and sellers in the local market, tax rates are set by specific elected individuals. These are your city councilpersons, school board members and county commissioner's court.

Great effort is being exercised by the State to turn the attention of the taxing paying public to these local governing bodies.

As property values rise, it is incumbent upon taxing jurisdictions to adjust their adopted tax rates accordingly. However, that is not always as simple as it would appear.

Many taxpayers are familiar with the fact that if they get a pay raise, they don't take all of that raise home. Gross pay and take-home pay are two different things on most paychecks.

Tax values work much in the same way because of deductions for homesteads, or deductions for over 65 folks or deductions for ag and timber lands. These all serve to lower the "take-home" value for taxing units.

Because of this, property owners need to be more attentive to how much "take-home" value their city, school or county has rather than how much value went up overall. Just like no two employees have the same take-home pay because of different numbers of dependents they each have, not all taxing units take home the same levels of value!

The market value of a taxing unit like Alto ISD or Wells ISD is dominated by ag and timber lands. This means that the lion's share of market value increase in those schools is not taxed and their "take-home" value is much lower. Conversely, the City of Jacksonville is dominated by commercial values that don't get tax breaks like homesteads and ag land. In fact, \$0.73 of every tax dollar there comes from commercial and non-homestead property. This means that they will have a higher portion of their "raise" in their "take-home" value.

Because of these things, simply saying that a taxing unit should lower their rate because "my values" went up doesn't always translate into truth.

The question is: "How is the general public supposed to gauge the actions of their local elected officials?" It would seem that the answer to this question is much easier to find these days.

Once values are certified, taxpayers will get a postcard in the mail from the appraisal district. That postcard will explain how to find some important information about what each local taxing unit is doing regarding tax rates.

The information will be contained at a website. The address of that website will be on the postcard. The website has a ton of information about each specific property in the county. You can see how your proposed tax bill compares among the various units that tax your property.

More importantly though, you will be able to see several possible rates and how much your taxes will be at each rate. These several rates tell a story.

The "No New Revenue" rate is very important. It is a rate that basically tells you what the rate could be this year and still bring in the same tax revenue as last year! This is the rate that really tells the story because it is sensitive to how much "take-home" value a jurisdiction really winds up with. For taxpayers, a good way to gauge the actions of their elected officials is seeing how different the proposed rate is compared to the "No New Revenue" rate.

There is another rate to watch too. It is the "Voter Approval" rate. This takes the no new revenue rate and adds a growth factor of sorts. **If** the adopted rate **exceeds** the "Voter Approval" rate, there has to be an election on the issue and voters can decide whether to support the higher adopted rate or make the taxing unit use the lower "Voter Approval" rate.

The take-a-way is this: Values are set by the market. Tax rates are set by elected officials. And the information is out there for local property owners to see.

2023 Timber & Ag Values

Productivity value estimates for timberland released by the State Comptroller's Property Tax Assistance

Division show another year of decline in timber values.

The Statutory Cap rate for timber increased from 6.85% to 7.59% as interest rates climb. This also contributed to lower values per acre.

	2022 \$/Ac	2023 \$/Ac
Pine I	\$443	\$404
Pine II	\$274	\$247
Pine III	\$210	\$193
Mixed I	\$286	\$259
Mixed II	\$172	\$154
Mixed III	\$96	\$87
Hard Wood I	\$176	\$164
Hard Wood II	\$87	\$82
Hard Wood III	\$50	\$48

Ag values which are dominated by pastureland have been lowered this year as well:

	2022 \$/Ac	2023 \$/Ac
Native Pasture	\$45	\$42
Improved Pasture	\$60	\$55

Protesting Your Valuation...

We encourage you to visit with one of our staff appraisers if you have questions or concerns about your valuation. Often, we are unaware of things about your property that cannot be seen from our exterior inspections. This time period allows you to bring those things to our attention.

If you do however desire to appeal formally to the ARB, you may do so in person, by affidavit or by telephone conference. If you appear by telephone, please be aware that you must submit a notarized affidavit prior to your hearing with all of the evidence you intend to present in defense of your case.

If you have any questions about this process, please contact us during business hours.

Where to file Complaints about Non-Valuation Issues

The Texas Department of Licensing and Regulation (TDLR) is the oversight agency for staff appraisers.

Complaints about a licensed District appraiser can 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:

<https://www.license.state.tx.us/Complaints/>
Follow the options on the page to initiate 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 Director's meeting.

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

How to Contact Us

Our lobby is open **8am to 4:30pm** Monday-Friday. However, we are available by phone until 5pm. We are located at 107 East 6th Street in Rusk.

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

If you wish to call us, we may be reached during business hours at 903-683-2296 and facsimiles may be sent to 903-683-6271.

Our website is www.cherokeecad.com where you can find a great deal of information to assist you in understanding this process.