

CCAD VALUATIONS

2022 Cherokee
County Appraisals



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This is Insane

I usually try to write this newsletter from a journalistic perspective. But this year, I think it proper to start with more of an editorial on our property tax system.

Our property tax system is a constant reminder of how much we hate paying for government services. Most of us pay more in federal tax than we do in property tax, but federal tax silently seeps out of our pocket largely unnoticed. Property tax on the other hand hits us right between the eyes every year and it's always going up.

This adds fuel to the fire of our tax discomfort, and somebody is to blame. Recently a person came into our office, pointed down my hallway and said, "if we could get rid of that man back there, we'd be better off because all he does is raise my taxes every year." This is an opinion we hear quite regularly. Another common opinion is that "they" call me each year and tell me to raise value. The mysterious "they" is rumored to be the State, or school superintendents, or city managers or even the county judge. Well, it's time to tell the truth and shame the devil.

I do in fact get told every year how to move value. The problem is that the folks telling me what to do are many of the same folks getting a notice of value.

Every person selling property in Cherokee County and the people who buy those properties instruct me annually on where to set tax value. That's the uncomfortable truth of the matter nobody likes to own up to. It's easier to blame the man down the hall.

The law requires me to follow the local market and the local market is dictated by those buyers and sellers who then become property owners who complain about values going up every year but never take credit for their part in the effort.

If I don't follow the law and if I don't follow the market, the State will come in with a stick and bust things up. It's that simple.

That brings me to another fact: our system of property tax is inherently unfair. That's a big statement in light of the fact that the basis for property tax in the state constitution is "fair and equal". But it really isn't.

First of all, a person can own \$300,000 worth of property but be taxed differently than others with the same value. If that property is rural land, it's probably in "ag" or "timber". They'll pay pennies on the dollar in tax. If it is a homestead, there is the 10% value cap and a raft of exemption possibilities to reduce tax liability. If the owner is over age 65, there are tax freezes that tilt the field even further. But if that \$300,000 property doesn't qualify for these tax breaks, they will bear the full burden of the tax bill.

Second, we do statistical mass appraisals. Because of this, I guarantee there are over-appraised properties and under-appraised properties just by the sheer fact of statistics. The best we can do is get as much property as close to market value as possible. This adds to the unfairness of the system because over-appraised folks will come in and get their value corrected but we'll never hear a peep from under-appraised folks unless they're in the middle of a divorce...

This newsletter has more information. But for now, I want you to know that this protest season is a time for you to come tell us what we don't know about your property. Bring us pictures, bring us evidence to support your opinion and we will do what we can within the law. If we can't come to an agreement, please feel free to protest to the formal review board. It is your right and your privilege to do so.

Lee Flowers

Observations about the Market

The trends that began with the COVID crisis continue across Texas resulting in imbalances between demand for property versus the availability of property for sale. Anytime buyers outnumber sellers, prices go up.

The increase in buying is largely due to population shifting across the Union. Folks are moving into Texas from other states. Buyer demand is also being driven by folks in urban areas who seek to buy rural property as a way to escape heavily populated areas in the event of catastrophe.

Normally, available property for sale and new housing construction would do a decent job of keeping pace with demand. But COVID largely wrecked that arrangement too.

People interested in selling became scared to open their homes for showing, not to mention scared of going into a stranger's home to look for a new place to live post-sale.

Today, with the cost of construction sky-rocketing, and higher sale prices in general, potential sellers are now asking themselves where they would live if they sold their house. This too has served to limit available property for sale.

With regard to new construction, the supply of material and labor is also hurting. Competition for skilled employees has driven labor costs up and the difficulty of getting building materials has served to drive costs up further. Currently, windows are so slow to come by that they are being installed much later in the construction phase and now concrete is slow to come by.

Interest rates that have been abnormally low are now starting to be raised by the FED. It remains to be seen however when such rate increases will serve to cool the market. At least for now, they may be contributing to demand pressure as buyers attempt to lock in lower rates.

On top of these points, we appear to be entering into a recession. Texas traditionally has weathered economic downturns better than other regions of the country. How will that translate into our local values? We will have to wait and see. But for now, none of this paints a pretty picture for local tax values.

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

Over 36,000 Notices of Value have been sent out for 2022 properties. These notices were generated for properties with a change in value of +/- \$1,000.

In addition, new owners since Jan. 1 of last year should also receive a Notice of Value.

Of particular note this year: If you bought a property since December of 2021 and do not get a Notice of Value, please contact our office! We are 4-6 weeks behind and are trying to catch up on deeded ownership changes.

Finally, 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 27, 2022. Contact CCAD for more details.

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.

2022 Timber & Ag Values

Productivity value estimates for timberland released by the State Comptroller's Property Tax Assistance Division show a slight decline in 2022 Timber.

The Statutory Cap rate for timber declined from 6.96% to 6.85% due to a continuation of low interest rates.

	2021 \$/Ac	2022 \$/Ac
Pine I	\$460	\$443
Pine II	\$284	\$274
Pine III	\$216	\$210
Mixed I	\$303	\$286
Mixed II	\$183	\$172
Mixed III	\$104	\$96
Hard Wood I	\$182	\$176
Hard Wood II	\$87	\$87
Hard Wood III	\$51	\$50

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

	2021 \$/Ac	2022 \$/Ac
Native Pasture	\$66	\$45
Improved Pasture	\$75	\$60

Protesting Your Valuation...

We are open to the public with full services.

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 10 days 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.