

BREWSTER COUNTY APPRAISAL DISTRICT ANNUAL REPORT 2019

EXECUTIVE SUMMARY

In 2019, the Brewster County Appraisal District continued to update information in the computer mass appraisal system. The concentration in 2019 was on the City of Alpine and the reclassing of residential and commercial property in the city. Other areas of the County will be updated with the same classes of property in 2020 and 2021. With the passage of the Property Value Study done by the State Comptroller, Brewster CAD is focused on ensuring equity of appraisals throughout the county.

GENERAL INFORMATION

The Brewster County Appraisal District is a political subdivision of the State of Texas. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirement of the appraisal district. Members of the Board of Directors are appointed by the taxing units within the boundaries of Brewster County and must have resided within the district two years prior to serving on the Board. The Chief Appraiser is appointed by the Board of Directors and is the chief administrator of the appraisal district. The Appraisal District is responsible for local property tax appraisal and exemption administration. The local taxing units set a tax rate based on the total values certified by the Appraisal District.

Article 8 of The Texas Constitution defines five basic rules for property taxes:

- Property taxes must be equal and uniform
- Generally, property must be taxed at market value defined as "the price at which a property would transfer for cash or its equivalent under prevailing market conditions". There are limited exceptions to this rule, such as productivity value for agricultural land.
- Each property must have a single appraised value.
- All property is taxable unless federal or state law exempts it from taxation
- Property owners have the right to reasonable notice of increases in the appraised value of their property.

The Brewster County Appraisal District was created by the Texas Legislature in 1979. Senate Bill 621 required that an appraisal district be established in each county for the purpose of appraising property for ad valorem tax purposes. Appraisal districts are local government political subdivisions of the state responsible for appraising property with county boundaries. Prior to the creation of County appraisal districts, each taxing unit followed their own appraisal standards and practices. Values were inaccurate and inequitable. Property owners were required to visit multiple taxing units to resolve any disputes concerning property value. Under the current system, taxpayers only have to go to one place to take care of appraisal business.

By law, an appraisal district is to be managed by a professional staff with training and education

prescribed by the State of Texas. Appraisers are registered with the Texas Department of Licensing and Registration and must complete courses and exams to become a Registered Professional Appraiser.

BUDGET INFORMATION

The fiscal year for BCAD is October 1-September 30 of each year. The budget for 2019 in the amount of \$514,606 was submitted to the Board of Directors and approved in September, 2018. The audit for the district will be completed in the spring of 2020. Beginning in October, 2019, the District will transition to a calendar fiscal year by having a 15 month budget that will end December 31, 2020.

THE APPRAISAL PROCESS

Real estate and most business personal property in Brewster County is appraised by the in-house staff. Appraisers inspect properties, measure improvements, and class improvements based on the quality of construction, and condition which drives estimated depreciation. The data is entered into a Computer Assisted Mass Appraisal (CAMA) software which produces estimated values of each parcel in Brewster County based on statistical criteria. The district hires a professional appraisal company (T. Y. Pickett) to appraise complex properties requiring engineering experience such as power pipelines, utility systems, and oil and gas production.

EXEMPTIONS

The district administers various exemptions that taxpayers may qualify for including Homestead and Over 65 residential exemptions. A homestead may include up to 20 acres of land if actually used in the residential use (occupancy) of the home. To qualify for a homestead exemption, a taxpayer must own and reside in the home on January 1 of the tax year. The age 65 or older or disability exemption for school taxes includes a school tax limitation or ceiling. Some taxing units such as county and cities have exemptions and tax ceilings limits. The filing of this application is between January 1 and April 30 but applications may be filed no later than one year after the date taxes become delinquent. There is also a Transfer of Tax Limitation or Ceiling Certificate if a person moves out of the county. Other exemptions include disabled veteran exemption, special types of property such as solar equipment, and complete exemptions for organizations qualifying as charities and not-for-profits.

AGRICULTURAL 1-D-1 OPEN SPACE AND WILDLIFE MANAGEMENT

Rural property owners may apply for a designation of agricultural use valuation if they use their property for the commercial production of crops or livestock. The basis of taxation is based on the agricultural income to the property and is substantially less than the market value taxation. If the property changes to a residential or commercial use, taxes are rolled back five years and collected with interest. Wildlife management is also available if the property has been previously granted agricultural use. Wildlife management requires a plan with various activities on the parcel to enhance the growth and preservation of various types of wildlife.

PTAD REVIEWS

Appraisal practices are governed by the Texas Property Tax Code and rules established by the Texas Comptroller of Public Accounts. The Property Tax Assistance Division conducts a Property Value Study

and a Methods and Assistance Program review in alternating years. Results of both reviews are available on the Comptroller's website.

The Property Value Study is conducted by the State Comptroller's Office to estimate the taxable property value in each school district to measure the performance of Appraisal Districts. If the Appraisal District is within a 5% percent margin, the State Comptroller will certify the local value to the Commissioner of Education. The findings of the study are used in the school funding formula for state aid. If the District fails to appraise properties within the 5% margin of error and continues to fail to do that for two years, the schools of Brewster County are subjected to reduced state funding through the Texas Education Agency. Due to the significant increases in value in 2017, the District passed the Property Value Study and no study was required in 2018. Another study will be done on the 2019 values.

APPEALS OF VALUE

State law allows taxpayers to appeal their property values or other issues such as denial of full exemption, denial of agricultural value designation, or other issues that impact amounts of property taxes paid. The appeals are heard by the Appraisal Review Board (ARB), a citizens group comprised of local people from across the County. If taxpayers are dissatisfied by the results of their ARB hearing, they may appeal their values to district court or in some cases, to arbitration. One lawsuit was filed against the appraisal district, a local hotel. The case is moving through the litigation process.