

2019 ANNUAL REPORT



WALLER COUNTY APPRAISAL DISTRICT

Introduction

The Waller County Appraisal District is a political subdivision of the State of Texas created by the Texas Legislature in 1979. The operations of the District are governed by the Constitution of the State of Texas, the Texas Property Tax Code, and the rules of the Texas Comptroller's Property Tax Assistance Division.

The Waller County Appraisal District is responsible for the appraisal of all property in Waller County for ad valorem purposes and the administration of all local option and State mandated property tax exemptions. The Waller County Appraisal District has a high commitment to customer service. We strive to serve Waller County with professionalism and integrity in all aspects of our operations. In 2019, Waller County Appraisal District once again successfully certified a timely and accurate appraisal roll.

Mission

The mission of the Waller County Appraisal District is to discover, list and appraise all property located within the boundaries of the District in an accurate, ethical and impartial manner in an effort to estimate the market value of each property and achieve uniformity and equity. This will be accomplished by maintaining the highest standards in appraisal practices by retaining personnel who are professional and knowledgeable and operate under the standards of:

- The Property Tax Assistance Division of the Texas Comptroller's Office (PTAD)
- The International Association of Assessing Officers (IAAO)
- The Uniform Standards of Professional Appraisal Practice (USPAP)

Governance

The Appraisal District operations are governed by the Board of Directors whose members are elected by the voting taxing units every two years. The Board's primary responsibilities are:

- Appoint the Chief Appraiser
- Adopt the District's annual operating budget
- Contract for necessary services; Complying with the competitive bidding requirement established by law
- Appoint the Appraisal Review Board
- Adopt a biennially written plan for the periodic reappraisal of all property within the Appraisal District office
- Make general policies on the Appraisal District's operation

To be eligible to serve on the Board of Directors, a person must have resided within the boundaries of the county for at least two years prior to their appointment. Their terms are not staggered and there are no legal limits to the number of terms a board member can serve.

2019 Board of Directors includes:

Royce Rape – Chairman of the Board
Jimmy Henderson – Secretary of the Board
Roosevelt Alexander
John Amsler
Rick Welch
Ellen Shelburne – Waller County Tax Collector

The Chief Appraiser is the chief administrator of the Appraisal District and is appointed by the Board of Directors. The Chief Appraiser must be licensed as a Registered Professional Appraiser (RPA) through the Texas Department of Licensing and Regulation, or possess an MAI professional designation from the Appraisal Institute, or possess an Assessment Administration Specialist (AAS), Certified Assessment Evaluator (CAE) or Residential Evaluation Specialist (RES) professional designation from the International Association of Assessing Officers.

The Appraisal Review Board (ARB) consists of four members appointed by the Board of Directors. Members of the ARB serve two-year staggered terms and are limited by law to serving three consecutive two-year terms. To be eligible to serve on the ARB, an individual must be a resident of the District and must have resided in the District for at least two years. Board members are also required to attend annual training classes to be eligible to serve in any given year.

The Appraisal Review Board responsibilities are:

- Determining protests initiated by property owners
- Determining challenges initiated by taxing units
- Correcting clerical errors in the appraisal records and the appraisal rolls
- Acting on motions to correct appraisal rolls under Section 25.25 of the Property Tax Code
- Determining whether exemptions and special appraisals are improperly granted and;
- Taking other actions or making other determinations authorized by the Property Tax Code

2019 Appraisal Review Board Members include:

Jay Foucheux – Chairman
Jim Sette – Secretary
Debra Ferris
L.K. Sherrill

The Agricultural Advisory Board is a three-member board appointed by the Chief Appraiser with the advice and consent of the Board of Directors. The responsibility of the Agricultural Advisory Board is to advise the Chief Appraiser on the valuation and use of land that may be designated for open-space agricultural valuation within the District's boundaries and to assist in determining typical practices and standards used in various farming operations. The Board serves at the will of the Chief Appraiser.

2019 Agricultural Advisory Board members include:

Thomas Paben – Chairman
 Raymond Dollins - Secretary
 David Groschke

The Waller County Appraisal District is responsible for appraising all properties for each of the following Taxing Jurisdictions that are within the boundaries of Waller County. Below are the market and net taxable values for 2019.

| <u>Taxing Unit</u> | <u>Market Value</u> <i>(Before Exemptions)</i> | <u>Net Taxable Value</u> <i>(After Exemptions)</i> |
|-------------------------------|--|--|
| City of Brookshire | \$400,302,592 | \$352,039,342 |
| City of Hempstead | \$347,965,776 | \$284,935,978 |
| City of Katy | \$1,094,267,871 | \$930,097,091 |
| City of Prairie View | \$493,667,308 | \$194,313,071 |
| City of Waller | \$292,400,382 | \$235,367,925 |
| Hempstead ISD | \$1,762,231,256 | \$695,441,500 |
| Katy ISD | \$1,797,560,719 | \$1,531,303,717 |
| Royal ISD | \$2,806,287,031 | M & O \$1,500,324,599 |
| | | I & S \$1,527,654,739 |
| Waller ISD | \$3,646,464,221 | \$1,974,022,131 |
| BK Drainage Dist | \$3,659,995,314 | \$2,637,098,159 |
| Waller-Harris ESD 200 | \$8,653,511,946 | \$4,417,864,790 |
| Willow Creek Farms MUD | \$265,733,791 | \$247,361,658 |
| Waller Co Road Imp Dist #1 | \$123,337,120 | \$107,873,408 |
| Harris Waller MUD #2 | \$54,966,586 | \$54,608,822 |
| Ft Bend Waller Co MUD #2 | \$227,259,983 | \$194,476,954 |
| Willow Point MUD | \$8,233,511 | \$16,777 |
| Brookshire Water District | \$394,455,623 | \$355,268,921 |
| Waller County | \$10,012,223,015 | \$5,478,443,505 |
| Harris-Waller Counties MUD #3 | \$280,238,663 | \$271,707,961 |

| | | |
|---------------------------------------|---------------|--------------|
| Waller County Improvement District #2 | \$127,439,984 | \$87,287,848 |
| Ft Bend Waller Co MUD #3 | \$15,794,352 | \$4,923,906 |
| Kickapoo Fresh Water Supply District | \$17,028,031 | \$16,148,459 |
| Fulshear MUD 3A | \$5,079,650 | \$4,648,330 |
| Waller County MUD 9B | 10,497,488 | 10,497,488 |

Property Types Appraised

For 2019 the Waller County Appraisal District has approximately 43,116 parcels. The following is a summary of those parcels:

| Classification | Property Type | Parcel County | Market Value |
|----------------|--------------------------|---------------|-----------------|
| A | Single Family Residence | 13,230 | \$2,320,297,133 |
| B | Multifamily Residence | 283 | \$99,605,532 |
| C | Vacant Lots | 8,082 | \$244,957,244 |
| D1 | Qualified Ag Land | 6,135 | \$3,219,703,777 |
| D2 | Non-Qualified Land | 2,285 | \$63,828,745 |
| E | Farm & Ranch Imp | 5,298 | \$1,148,720,988 |
| F1 | Commercial Real Property | 1,146 | \$689,850,771 |
| F2 | Industrial Real Property | 125 | \$342,142,577 |
| G1 | Oil and Gas | 3,380 | \$10,814,381 |
| G3 | Minerals Non-Producing | 26 | \$48,079 |
| J1 | Water Systems | 14 | \$899,090 |
| J2 | Gas Distribution System | 29 | \$4,247,170 |
| J3 | Electric Company | 64 | \$37,107,140 |
| J4 | Telephone Company | 166 | \$15,053,430 |
| J5 | Railroad | 70 | \$23,867,820 |
| J6 | Pipeline Company | 155 | \$146,892,600 |

| | | | |
|----|------------------------------|-------|---------------|
| J7 | Cable Television Company | 26 | \$7,28,220 |
| J8 | Other Type of Utility | 8 | \$518,930 |
| L1 | Commercial Personal Prop | 2,060 | \$784,028,100 |
| L2 | Industrial Personal Property | 58 | \$187,017,630 |
| M1 | Tangible Other Personal, MH | 1,812 | \$44,743,505 |
| S | Special Inventory Tax | 21 | \$10,782,980 |
| X | Totally Exempt Property | 3,789 | \$615,175,113 |

Exemption Data

The Waller County Appraisal District is responsible for the administration of all property tax exemptions granted. The most common exemption a property owner qualifies for is the Homestead Exemption. These exemptions include mandated homestead exemptions, optional homestead exemption, over-65 exemptions, disability exemptions, disabled veteran exemptions and 100% disabled exemptions. In order to qualify for the Homestead Exemptions, the property owner must own and reside in the residence on January 1 and the owner or spouse claims no other Homestead Exemption. In January of each year the District mails Homestead Exemption applications to property owners who may qualify for this exemption. The application must be completed and returned to the District by April 30th. A property owner who turns 65 any time during the year qualifies for the Over 65 exemption and can apply for the exemption anytime during the year after the property owner turns 65. A property owner may file a late homestead application if it is filed no later than two years after the taxes become delinquent.

| | TAXING JURISDICTIONS | HS/OP | HS/ST | X65/ST | DIS/ST | X65/OP | DIS/OP |
|--------|----------------------|-------|--------|--------|--------|---------|---------|
| County | Waller County | 20%* | | | | 25,000 | 25,000 |
| | Waller County FM | 20%* | 3,000 | | | 22,000 | 22,000 |
| ISD's | Hempstead ISD | | 25,000 | 10,000 | 10,000 | | |
| | Katy ISD | | 25,000 | 10,000 | 10,000 | 10,000 | |
| | Royal ISD | 1%* | 25,000 | 10,000 | 10,000 | | |
| | Waller ISD | | 25,000 | 10,000 | 10,000 | | |
| Cities | City of Hempstead | | | | | 30,000 | |
| | City of Katy | 20%* | | | | 100,000 | 100,000 |
| | City of Brookshire | | | | | 3,000 | 3,000 |
| | City of Prairie View | | | | | 5,000 | 5,000 |

| | | | | | | | |
|-------------------|-----------------------------------|--|--|--|--|---------|---------|
| | City of Waller | | | | | 20,000 | 20,000 |
| Other Entities | Brookshire-Katy Drainage District | | | | | 20,000 | 20,000 |
| | Waller-Harris ESD 200 | | | | | 100,000 | 100,000 |
| | Willow Creek Farms MUD | | | | | | |
| | Waller County Rd. Imp Dist. #1 | | | | | | |
| | Ft Bend-Waller County MUD #2 | | | | | | |
| | Kickapoo Fresh Water Supply | | | | | | |
| | Harris Waller Counties MUD #2 | | | | | | |
| | Willow Point MUD | | | | | | |
| | Brookshire MUD | | | | | | |
| | Waller County Rd Imp Dist #2 | | | | | | |
| | Harris Waller Counties MUD #3 | | | | | | |
| | Ft Bend-Waller County MUD #3 | | | | | | |
| | Fulshear MUD 3A | | | | | | |
| | Waller County MUD 9B | | | | | | |

Ratio Study Analysis – Property Value Study

The property tax code requires that the Property Tax Assistance Division of the Texas Comptroller Office conduct an internal ratio study in each appraisal district biannually to determine the degree of uniformity of and the median level of appraisal with each major property category in each school district. The districts' values must be within the 5% margin of the state's ratio study in order for the Comptroller to certify local value to the Commissioner of Education for school funding. For 2018, the Waller County Appraisal District was certified local value for all school districts within the boundaries of Waller County. However, the school districts (Hempstead ISD, Waller ISD and Royal ISD) are in their first-year grace period for falling below the 5% margin of the state's ratio study. The District will have another property value study performed in 2019.

Legislative Changes

The 2019, 86th Texas Legislature produced many pieces of legislation which affect the operation of appraisal districts as well as taxpayer exemptions and rights. Below is a list of some of the most important changes:

- **HB 639** - Section 23.51(1) Ecological Laboratory Open-Space Land requires that land used principally as an ecological laboratory must have been used principally in that manner by the college or university for five of the preceding seven years to qualify for agricultural appraisal. For land that qualified in 2014-2020, the effective date is deferred until January 1, 2027. Effective 1-1-2020.

- **HB 1743** – Section 23.55 & 23.76 reduced the rollback period for open-space and timber land from five years to three years and to reduce the annual interest rate from seven percent (7%) to five percent(5%). Effective 9-1-2019.
- **Historical Exemption** – Section 11.24, a governing body cannot repeal or reduce historic-site exemption unless the owner consents; or the taxing unit must provide written notice to the owner no later than five years before the date the exemption is repealed or reduced. Effective 1-1-2020.
- **Heir Property** – Section 11.43, for the heir property owner, documentation is required: (A) affidavit establishing the applicant’s ownership interest, (B) copy of the death certificate of the prior owner of the property, (c) copy of the most recent utility bill for the property, and (D) citation of any court record relating to the applicant’s ownership of the property, if available. This prohibits the application to require a copy of recorded instrument to be filed. (CAD cannot require a recorded instrument.) This does not affect legal title to property on heir property and does not transfer title to property.
- **Disaster Reappraisal Exemption** – Section 11.35(s), Disaster Reappraisal Exemption will be a constitutional amendment on the November ballot. 15%, 30%, 60% or 100% exemption will last until the next appraisal. A property owner, on the 45th day after the disaster, has to apply for the exemption and no later than the 105th day after the governor declares a disaster. Proposition 3 HJR 34 states “The constitutional amendment authorizing the legislature to provide for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by a disaster.”
- **Appraisal Notices** – Section 25.19 (b-4 & b-5), amount of taxes on the notice of value will be stricken off. Wording will now have a statement: “The Texas Legislature does not set the amount of your local taxes. Your property tax burden is decided by your locally elected officials, and all inquiries concerning your taxes should be directed to those officials.” Also, the notice will have to contain a brief explanation that the governing body of each taxing unit decides whether or not taxes on the property will increase and the appraisal district only determines the value of the property. This applies to a county with a population of less than 120,000. Effective 1-1-2020.
- **Email Notices** – Section 1.086, delivery of certain notices by email, on written request of the owner of a residential property that is occupied by the owner as the owner’s principal residence, the Chief Appraiser shall send each notice required by this title by email: (1) change in value, (2) eligibility of the property for an exemption, and (3) the grant, denial, cancellation or other change in the status of an exemption or exemption application applicable to the property. (Provide a form on

the website that a property owner may use to electronically make a request under this section.

- **Section 25.25** – Amends to permit correction of over-appraisal by more than $\frac{1}{4}$ (one fourth) instead of $\frac{1}{3}$ (one third), if the property qualifies as the owner's residence homestead. Effective 6-14-2019.

2019 Protest Data

The Property Tax Code requires the Appraisal District to send a letter of Notice of Appraised Value for properties:

- Reappraised in the current year
- Change of ownership during the preceding year
- Agent or property owner makes a written request for the notice
- New property that was included for the first time on the appraisal rolls
- An increase of Taxable value of \$1,000 or more
- The owner filed a property rendition statement
- The property has been annexed or de-annexed to a taxing jurisdiction

In compliance with the Property Tax Code, the District prepared and delivered Notice of Appraised Values for all properties in Waller County for 2019. Notices were sent on 28,612 parcels, an increase of 8,640 (43%) from the previous year.

For 2019 the District has received eleven (11) lawsuits as of the date of this report and five (5) arbitrations.

Attached is a more detailed spreadsheet by taxing units.

2019 Methods and Assistance Program

In 2009, the Texas Legislature enacted a new law that required the Comptroller of Public Accounts to review appraisal districts every two years. The reviews inspect the governance, taxpayer assistance, operating procedures and the appraisal standards, procedure and methodology of each appraisal district. Mandatory requirements for each appraisal district include: having up-to-date appraisal maps, onsite property inspections by the PTAD auditor match a district's property records, written procedures, and the PTAD auditor must be able to reproduce a district's values using a district's procedures and appraisal records, and the ability to timely produce requested data of over 200 items. To acquire an "Exceeds" score, a district needs to receive a rating of over 100% by having met all the mandatory and bonus requirements. The District will receive its next Methods and Assistance Audit in 2019.

