



# Reappraisal Plan

## Focus on Section 3.1 - Frequency

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PRESENTED TO THE FINANCE COMMITTEE ON  
NOVEMBER 6, 2024

# TAD & JCAD Reappraisal Plan

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## Roadmap

- CADs Purpose and Function
- Legislative Background
- CADs Core Responsibilities
- Purpose of a Reappraisal Plan
- Appraisal Frequency: Key Changes
- Properties Requiring Annual Review
- Sustaining 2024 Values
- Board Approval Requirements
- Projected Fiscal Impact

# CADs Purpose and Function

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- Central Appraisal Districts (CADs) are responsible for the **local property tax appraisal** and **exemption administration** for all taxing units within their jurisdiction.
- Their mission is to ensure **fair and equitable property valuations** that form the basis for local tax collections used for public services.

# Legislative Background

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- CADs were created as a result of the Texas Property Tax Code, enacted in 1980, to provide uniform appraisals for taxation.
- Before CADs, taxing units appraised properties independently, leading to inequalities and inconsistencies in property values.
- CADs help ensure transparent and standardized appraisals across different areas and taxing units.

# CADs Core Responsibilities

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- Appraise all real and personal property within the district.
- Determine eligibility for tax exemptions (e.g., homestead, agricultural, and veteran exemptions).
- Produce property valuations that are used by school districts, cities, and counties to levy taxes.

# Purpose of a Reappraisal Plan

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- The reappraisal plan outlines the timing and processes used by the district to conduct property reappraisals in compliance with the Texas Property Tax Code.
- It ensures that property values are kept accurate, current, and equitable.

# Appraisal Frequency: Key Changes

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- JCAD Board of Directors has made key changes:
  - Reappraisal cycle moved from annually to every three years.
  - Market values will not be raised unless supported by clear and convincing evidence per the Texas Property Tax Code 23.01(e).

# Properties Requiring Annual Review

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- Certain properties must still be appraised annually, including:
  - Business Personal Properties (through renditions)
  - Mineral Properties
  - Utility Properties
  - Industrial Properties



# Sustaining 2024 Values

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- Property values set in 2024 will be sustained for both the 2025 and 2026 tax years, with the following exceptions:
  - Changes to homestead property values (Texas Property Tax Code 23.23).
  - Properties qualifying under the Circuit Breaker provision (Texas Property Tax Code 23.231).

# Board Approval Requirements

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- Reappraisal can only occur if:
  - There are significant market changes.
  - In response to the state study results.
  - Property values decrease substantially.

# Annual Review Process

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- Even with the change to a three-year cycle, the district will continue to:
  - Conduct field inspections and analyze data.
  - Make adjustments for new properties and those that escaped prior reappraisal.
  - Comply with the Uniform Standards of Professional Appraisal Practice (USPAP) guidelines.

# Summary of Changes

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- The move to a three-year cycle will streamline operations while maintaining compliance with legal requirements.
- Exceptions ensure high-value and complex properties are appraised annually.
- JCAD's board must approve any further changes or reappraisals due to market fluctuations.

# General Fund Forecast

	FY 22-23 Actual	FY 23-24 Adopted	FY 23-24 Revised	FY 23-24 Year-End	FY 24-25 Proposed	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected	FY 28-29 Projected
<b>Beginning Fund Balance*</b>	<b>\$21,924,165</b>	<b>\$ 18,495,600</b>	<b>\$ 18,495,600</b>	<b>\$ 19,606,713</b>	<b>\$ 17,421,851</b>	<b>\$ 18,226,759</b>	<b>\$ 18,376,568</b>	<b>\$ 17,398,179</b>	<b>\$ 16,506,818</b>
Property Tax	\$23,636,639	\$ 26,745,080	\$ 26,745,080	\$ 27,160,500	\$ 28,465,390	\$ 30,030,986	\$ 31,682,691	\$ 33,425,239	\$ 35,263,627
Sales Tax	\$14,902,992	\$ 15,394,411	\$ 15,394,411	\$ 15,052,022	\$ 15,503,578	\$ 15,968,685	\$ 16,447,746	\$ 16,941,178	\$ 17,449,413
Other Revenue	\$13,963,477	\$ 15,861,607	\$ 15,861,607	\$ 15,972,259	\$ 18,428,035	\$ 17,241,814	\$ 16,315,652	\$ 16,415,379	\$ 16,525,633
<b>Total Revenue</b>	<b>\$52,503,108</b>	<b>\$ 58,001,098</b>	<b>\$ 58,001,098</b>	<b>\$ 58,184,781</b>	<b>\$ 62,397,003</b>	<b>\$ 63,241,486</b>	<b>\$ 64,446,088</b>	<b>\$ 66,781,796</b>	<b>\$ 69,238,673</b>
Base Expenses	\$54,042,859	\$ 58,572,604	\$ 59,221,693	\$ 58,820,723	\$ 60,635,025	\$ 61,932,599	\$ 64,564,681	\$ 66,937,283	\$ 69,250,912
Incentives (ED)	\$ 1,888,814	\$ 1,200,000	\$ 948,920	\$ 948,920	\$ 957,070	\$ 1,159,077	\$ 851,297	\$ 727,374	\$ 704,418
Cash Funding Projects	\$ -	\$ 1,400,000	\$ 600,000	\$ 600,000					
<b>Total Expenditures</b>	<b>\$55,931,673</b>	<b>\$ 62,347,861</b>	<b>\$ 60,770,613</b>	<b>\$ 60,369,643</b>	<b>\$ 61,592,095</b>	<b>\$ 63,091,676</b>	<b>\$ 65,415,978</b>	<b>\$ 67,664,657</b>	<b>\$ 69,955,330</b>
Change in Fund Balance	<b>\$ (3,428,565)</b>	<b>\$ (4,346,763)</b>	<b>\$ (2,769,515)</b>	<b>\$ (2,184,862)</b>	\$ 804,908	\$ 149,810	<b>\$ (969,890)</b>	<b>\$ (882,861)</b>	<b>\$ (716,657)</b>
<b>Ending Fund Balance</b>	<b>\$18,495,600</b>	<b>\$ 14,148,837</b>	<b>\$ 15,726,085</b>	<b>\$ 17,421,851</b>	<b>\$ 18,226,759</b>	<b>\$ 18,376,568</b>	<b>\$ 17,406,679</b>	<b>\$ 16,515,318</b>	<b>\$ 15,790,161</b>
FB % of Expenditure	33.07%	22.69%	25.88%	28.86%	29.59%	29.13%	26.61%	24.41%	22.57%

# Reappraisal Fiscal Impact (O&M Property Tax Revenue)

O&M Property Tax Revenue	2025	2026	2027	2028	2029
Five Year Forecast Property Tax Revenue (@ 5.5% Growth Rate)	-	\$30,030,986	\$31,682,691	\$33,425,239	\$35,263,627
Revised Five Year Forecast Property Tax Revenue (@ 4.0% Growth Rate)	-	\$29,603,848	\$30,788,002	\$32,019,522	\$33,300,303
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Difference	-	<b>\$(427,138)</b>	<b>\$(894,689)</b>	<b>\$(1,405,717)</b>	<b>\$(1,963,324)</b>

# Questions from Committee members

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# Open Discussion

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