

UNDERSTANDING THE PROPERTY TAX PROCESS

The property tax is the primary source of local government revenue in Texas and provides funding for the services provided by counties, cities, school districts, and a variety of special entities such as community colleges, port authorities, hospital and flood control districts, and municipal utility districts. While the total combined state and local tax burden in Texas is among the lowest in the nation, the portion of the tax burden borne by property taxpayers in Texas is relatively high.

Under Texas law, all real property (land, buildings, etc.) and tangible personal property used for the production of income (business inventories, equipment, etc.) is taxable at its January 1st market value unless exempt by law, or unless subject to special appraisal provisions, such as the appraisal of agricultural land at its productivity value.

Three factors determine the total amount of taxes imposed on a property. These include 1) the appraised value established by the appraisal district for the county in which the property is located; 2) the exemptions, if any, to which that property may be entitled, such as the homestead exemption for owner-occupied residential property; and 3) the tax rates set by the governing bodies of the taxing units (jurisdictions) in which the property is located. The purpose of the appraisal is to allocate the tax burden fairly among all taxpayers.

For owner-occupied residential property receiving a homestead exemption, appraised value may be lower than the property's market value because of what the law refers to as the "homestead cap." Under current law, while a homestead property's January 1st market value isn't capped, that property's appraised value (what the tax rate will be applied to) is capped at a maximum increase of 10% each year.

For example, the January 1st market value of a capped residence might be \$200,000. However, if that home were appraised at \$175,000 on January 1st of the prior year, this year's appraised value would be \$192,500 ($\$175,000 \times 1.10$). A residential property qualifies for the cap the year after the year the owner first receives his or her homestead exemption on the property.

In our present economy, there are likely to be situations where the market value of a home may have decreased as of January 1, 2009, but the 2009 appraised value may still increase because it was capped last year at less than the current market value.

The Brazoria County Appraisal District (BCAD) is responsible for appraising all taxable property in Brazoria County. In determining real property values as of January 1, 2009, BCAD's appraisers will look carefully at market conditions around the first of the year in each of the several hundred "valuation

neighborhoods” in Brazoria County. A valuation neighborhood is a geographical segment of the county in which properties and their associated amenities are similar.

At this point in time, while the local economy has performed better than that of the nation as a whole, we do know that residential sales volumes have declined, homes are remaining on the market for a longer period of time, and the average home selling price in the Houston market rose by only 1% from December 2007 to December 2008. The median selling price for this period was unchanged. And, while some neighborhoods continued to perform at a higher level, others were heavily impacted by foreclosures. We are carefully analyzing these trends on a neighborhood by neighborhood basis, and will take them into account when establishing 2009 values this spring. For now, the values shown on our website reflect appraisals as of January 1, 2008.

INFORMATION ABOUT IKE DAMAGE AND YOUR PROPERTY TAX APPRAISAL

Normally, tax appraisals are determined as of January 1st of the year. Since none of the taxing jurisdictions in Brazoria County authorized a "disaster reappraisal", 2008 taxes were calculated on your property's January 1, 2008 value, even if you had damage from Hurricane Ike. However, if you still had un-repaired Ike damage on January 1, 2009, our 2009 appraisal will take that into account if we are aware of the damage. If you are in this situation, you are strongly urged to download the form regarding Ike Damage on the BCAD website: www.brazoriacad.org.