FUNCTIONS OF THE JEFFERSON CENTRAL APPRAISAL DISTRICT AND HOW YOUR PROPERTY IS APPRAISED

THREE COMPONENTS OF THE APPRAISAL DISTRICT

The Appraisal District Office

The Appraisal District does not levy a tax for its operations. Instead, it is funded by the taxing entities within its jurisdiction. Each taxing entity pays a portion of the District's budget in direct proportion to the taxes it levies.

The Chief Appraiser is appointed by the Board of Directors to administer the Appraisal District office. The Chief Appraiser is responsible for appraising all property within the District; determining all exemption and special appraisal requests; conducting reappraisals of property; notifying the property owners, taxing entities, and the public about matters affecting their property values; and maintaining maps of all property within the District.

The Board of Directors

The Board of Directors of the Jefferson Central Appraisal District is comprised of five members who are elected by the governing bodies of the taxing entities within the District. The County Tax Assessor-Collector serves as a nonvoting director if that person is not appointed to serve as a voting director. The Jefferson County Tax Assessor-Collector serves as a voting director.

The Board of Directors oversees the activities of the Appraisal District. They do not appraise property or make decisions that affect the appraisal records; instead, they select the Chief Appraiser, adopt the budget, appoint the Appraisal Review Board, and make sure the District follows policies and procedures set by law.

The Appraisal Review Board

The Appraisal Review Board (ARB) is a group of citizens authorized to resolve disputes between property owners and the Appraisal District.

ARB members are appointed by the Local Administrative District Judge. An individual must be a resident of the District for at least two years to serve on the ARB. Officers and employees of the Appraisal District, taxing entities, or the State Comptroller's Office cannot serve on the ARB. ARB members also must comply with special conflict of interest laws.

The ARB determines property owner protests and taxing unit challenges. In property owner protests, it listens to both the property owner and the Appraisal District. The ARB determines if the Appraisal District has granted or denied exemptions and agricultural appraisal properly. The ARB begins hearing protests in early June and finishes by July 20.

PROPERTY VALUATION INFORMATION

How the District Appraises Your Property

The appraisal process has four stages: valuing the taxable property, protesting the values, adopting the tax rates, and collecting the taxes. The Appraisal District is responsible for the first two stages: valuing the taxable property and handling protests on those values. The governing bodies of each of the taxing entities in Jefferson County are responsible for adopting the tax rates which are applied to the taxable value of your property as determined by the Appraisal District. The Tax Office then mails out tax statements and collects the taxes.

The appraisal process begins when the Appraisal District places a value on your property reflecting its condition and market value as of January 1. The Jefferson Central Appraisal District appraises property on a two-year cycle. Properties in Beaumont ISD are physically inspected every odd year; properties in Nederland ISD, Port Arthur ISD, and Port Neches-Groves ISD are physically inspected every even year; and properties in Hamshire-Fannett ISD, Hardin-Jefferson ISD, and Sabine Pass ISD are physically inspected every year since we do not obtain building permits in these areas. In between physical inspections, however, the Appraisal District may reappraise certain properties and/or areas of the District as necessary to maintain a level of appraisals reflective of current market values.

Due to the volume of properties that must be appraised in a limited time period, the Appraisal District uses mass appraisal techniques to appraise the 150,000+ parcels of property within its jurisdiction, and those mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice. In mass appraisal, the Appraisal District first collects detailed descriptions of each taxable property in the District. It then classifies properties according to a variety of factors, such as size, use, and construction type. Using data from recent property sales, the District appraises the value of typical properties in each class. Taking into account differences such as age or location, the District uses the typical property values to appraise all of the properties in the class.

The Texas Constitution states all property must be taxed equally and uniformly, and no single property or type of property should be taxed more than its fair market value. The Texas Property Tax Code requires all taxable property to be appraised at its market value as of January 1 each tax year, with market value being determined by the application of generally accepted appraisal methods and techniques. Market value is defined as the price a property would sell for if:

- exposed for sale in the open market with a reasonable time for the seller to find a purchaser,
- both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

For individual properties, the Appraisal District may use three common methods to value property: market, income, and cost approach. The market approach is most often used and simply asks, "what are properties similar to this property selling for?" The value of your home is an estimate of the price your home would sell for on January 1. The Appraisal District compares your home to similar homes that have sold recently and determines your home's value. The market approach is most often used to appraise residential properties.

The District uses the other methods to appraise types of properties that do not often sell. The income approach asks, "what would an investor pay in anticipation of future income from the property?" The income approach is most often used on hotels and apartment complexes. The cost approach asks, "how much would it cost to replace the property with one of equal utility?" The cost approach is often used to appraise properties that are not frequently sold or are under construction.

Every year the Appraisal District mails out a Notice of Appraised Value to every property owner in the District. This notice indicates the proposed value for the year, any exemptions that may apply to you, and informs you on how to appeal if you do not agree with the valuation.

The Role of the State Comptroller's Office

To ensure compliance with the equal and uniform requirement of property appraisals, the Texas Property Tax Code requires the Property Tax Assistance Division of the State Comptroller's Office to conduct, at least once every two years, a study of each appraisal district to determine the degree of uniformity of each major category of property. The Property Tax Assistance Division publishes a report of its findings and distributes it to all members of the legislature.

The Texas Property Tax Code also requires the Property Tax Assistance Division to review each appraisal district's governance, taxpayer assistance, operating procedures and appraisal standards, and procedures and methodology at least once every two years. This review is conducted in the years that the Property Tax Assistance Division does not conduct the Property Value Study. The Property Tax Assistance Division's review is based, in most part, on International Association of Assessing Officers (IAAO) Standards. Accordingly, the Property Tax Assistance Division allows a limited scope review for appraisal districts that have received IAAO's Certificate of Excellence in Assessment Administration, which the Appraisal District earned in 2015.

What Do I Do If I Do Not Agree with My Value?

The right to protest to the Appraisal Review Board (ARB) is the most important right you have as a property owner. You may protest if you have a concern about:

- Is the market or special appraised value placed on your property correct?
- Is your property valued unequally compared with other property in the Appraisal District?
- Did the Chief Appraiser deny you an exemption?
- Did the Chief Appraiser deny agricultural appraisal for your farm or ranch?
- Do the appraisal records show an incorrect owner?
- Is your property being taxed by the wrong taxing units?
- Is your property incorrectly included in the appraisal records?
- Is there any other action the Appraisal District or ARB took that affects you?

How to File a Protest

Once the current year values are set (typically the mid-April each year), you must file a written Notice of Protest in order to discuss your valuation with an appraiser or to schedule a hearing with the ARB. A Notice of Protest form is enclosed with the Notice of Appraised Value. You may also file a protest by email protest@jcad.org or by using the online appeal system on our website, www.jcad.org, for property not represented by a tax agent. If you do not attach a copy of your protest form to your email, then you must include your PID or Account Number, name and mailing address, telephone numbers(s), your opinion of value of the property, and the reason for your protest (value too high, value not equal with other similar properties, exemption denied, etc.). You do not have to file a protest on the form provided. A protest in any written format will suffice providing it provides the requested information. Your protest must be filed with the Appraisal District by May 15 or the deadline date indicated on your Notice of Appraised Value if you received one.

If you file a protest, you will receive written notice of the date, time, and place set for the hearing at least 15 days in advance of your hearing.

Informal Review

Once the District receives your protest, an appraiser will contact you for an informal review. The informal review is intended to allow you to provide more detailed information on your property that may not have been discovered due to mass appraisal restrictions. It is the intent of the appraisers to make any necessary value adjustments at the informal hearing to avoid the necessity of a formal protest hearing before the ARB. If you are able to resolve your protest during the informal review, your hearing with the ARB will be canceled.

Review by the Appraisal Review Board

If you cannot resolve your problem informally with the Appraisal District staff, you will have your case heard by the ARB at the date and time scheduled. The hearing will be informal and will last approximately 15 minutes, or longer if the protest covers 3 or more properties or involves complex property

EXEMPTIONS AND SPECIAL APPRAISALS

Homestead Exemptions

A homestead exemption removes part of the value of your residence from taxation and lowers your taxes. In order to qualify for the homestead exemption, you must own your home as of January 1 of the tax year and use the home as your principal residence. If you have more than one house, you can only get exemptions for your main or principal residence. There are four types of homestead exemptions:

- **General Homestead:** For all homeowners.
- **Over-65 Homestead:** In addition to the general homestead exemption, once you become 65 years of age, you are entitled to the over-65 homestead exemption that exempts an additional amount from the value of your home. This exemption becomes effective on your date of birth and applies to the taxes for the entire year in which you turn 65. Once you receive the over-65 homestead exemption, you get a tax ceiling for your school taxes that can be transferred if you move. In addition, Jefferson County and the City of Port Arthur also grant a tax ceiling. The taxes on your home for the entities granting the tax ceiling cannot increase above the lesser of the amount of taxes you would have paid the year you turned 65 based on a full year with the over-65 exemption or the amount of taxes paid in the following year. Should you move into a new residence after turning 65, this tax ceiling is transferable.
- **Surviving Spouse Over-65 Homestead:** If your spouse who was receiving the over-65 homestead exemption dies, this exemption will transfer to the surviving spouse providing the spouse is 55 years of age or older and maintains ownership of the home. The surviving spouse must apply for this exemption.
- **Disability Homestead:** A person with a disability may get an additional exemption. A "disability" means either (1) you cannot engage in gainful work because of a physical or mental disability or (2) you are 55 years of age, blind, and cannot engage in your previous work because of your blindness. If you receive disability benefits under the Federal Old Age, Survivors and Disability Insurance Program administered by the Social Security Administration, you will qualify. Disability benefits from any other program do not automatically qualify you for this exemption. You may need information on disability ratings from the civil service, retirement programs or from insurance documents, military records, or a doctor's statement. You may receive the disability exemption in addition to the general homestead exemption but not in addition to the over-65 homestead exemption. A tax ceiling is also offered on the disability exemption by the school districts, Jefferson County, and the City of Port Arthur, and it is transferable.
- **100% Disabled Veteran Homestead:** If you are a disabled veteran who receives from the US Department of Veteran Affairs (1) 100% disability compensation due to a service-connected disability; and (2) a rating of 100% disabled or of individual unemployability, you are entitled to an exemption from taxation of the total appraised value of your residence homestead. This benefit is extended to the surviving spouse upon the veteran's death with certain restrictions.

Disabled Veteran Exemption

Another type of exemption granted is the disabled veteran exemption. You may qualify for this exemption if you are either (1) a veteran who was disabled while serving with the US armed forces or (2) the surviving spouse of child (under 18 years of age and unmarried) of a disabled veteran or of a member of the armed forces who was killed while on active duty. You must be a Texas resident. This exemption can be applied to any one property; the property does not need to be your homestead.

How to File for a Homestead Exemption on Your Home

You must use the District's application form, and you must file your application between January 1st and April 30th. Once an application is granted, you do not need to file again unless requested by the District. Be sure to include a copy of your driver's license or state-issued personal identification card with your application. Provide all the information and the documentation requested. For example, if you are claiming an Over-65 or Disability Homestead, you need to show proof of age or disability.

You may file late for a homestead exemption and a disabled veteran's exemption up to one year after the date taxes would become delinquent. You will receive a new tax statement with a lower amount or a refund if you have already paid your taxes.
Below is an example for calculating your taxes:

How Much of an Exemption Can I Receive?

Click here to see the current tax rates and exemption amounts granted by the various taxing entities.

Below is an example of how to calculate taxes on a home with a market value of $100,000. If you are receiving the general homestead exemption from a school district that grants both the state-mandated and optional homestead exemptions you would calculate your taxes as follows:

Appraised Value:	$100,000
Less 20% optional exemption: $100,000 X 20%	- 20,000
Less state-mandated general homestead:	- 25,000
Taxable Value	$ 55,000
X Tax Rate per $100/value ($1.30)	X 1.30%
SCHOOL DISTRICT TAXES DUE:	**$715**

How Are Exemptions Affected When a Property Sells?

When a property sells with only a general homestead, the homestead exemption remains with the property for the remaining portion of the year. If the buyer qualifies for the general homestead exemption in the subsequent tax year, the taxes as they relate to the exemption will not be affected by the sale as the buyer will receive the same exemption as the seller. Taxes will increase; however, if the buyer does not use the property as a residential homestead.

Taxes may also be affected if the seller had a limited appraised value on the property. The Texas Property Tax Code prohibits the Appraisal District from increasing properties with a homestead exemption to no more than 10 percent per year unless new improvements, excluding ordinary maintenance, have been made. This limitation takes effect on January 1 of the tax year following the first tax year the taxpayer qualifies for any homestead exemption and expires on January 1 of the first tax year that neither the taxpayer or the taxpayer's spouse qualifies for a homestead exemption. These properties carry two values:

- the limited appraised value (assessed) which is the value, less exemptions, that taxes will be based on, and
- the market value which is the true value of the property

For example, if a property is appraised at $100,000 in the prior year, and sales information is received that causes the District to increase the value to $115,000 in the current year, the property will have a market value of $115,000, but the assessed value will be $110,000 ($100,000 X 110%). When a property with the limited appraised value sells, the limit is removed, and taxes will be based on the market value.

Below is an example of how taxes are affected when a property with general homestead and appraised value limitation sells:

	Current Owner w/ HS	New Owner w/HS	New Owner w/o HS
Market Value	$100,000	$100,000	$100,000
Assessed Value (limited appraised)	$ 90,000	$100,000	$100,000
Taxes	$1,630.84	$1,852.18	$2,766.60

When a property sells with an over-65 or disability exemption, the effect on taxes can be dramatic. While the general homestead exemption remains with the property for the remaining portion of the year, property owners can transfer the over-65 or disability exemption to their new home, causing the taxes from the date of sale to be prorated at a higher amount. If the property owner does not transfer these exemptions, they will remain with the property until the next tax year. Since the taxes for the school districts, Jefferson County, and the City of Port Arthur are frozen at the amount that was assessed when the property owner qualified for the exemption, once these exemptions are removed, the tax freeze is also removed.

Below is an example of how removal of the over-65 or disability exemption can affect taxes. In this example, the property owner qualified for the over-65 or disability exemption in 1996.

	Current Owner w/ HS	New Owner w/HS	New Owner w/o HS
Market Value	$100,000	$100,000	$100,000
Taxes	$589.72	$1,852.18	$2,766.60

Agricultural-Use Special Appraisal

Texas farmers and ranchers can be granted property tax relief on their land. They may apply for agricultural productivity appraisal and for a lower appraisal of their land based on how much they produce, versus what their land would sell for in the open market.

The Texas Constitution authorizes two types of agricultural productivity appraisals, 1-d-1 and 1-d, named after the section in which they were authorized. For 1-d-1 appraisal, property owners must use the land for agriculture or timber but the land's use must meet the degree of intensity generally accepted in the area. Owners must also show that the land is being used for at least five of the preceding seven years. 1-d-1 appraisal does not restrict ownership to individuals and does not require agriculture to be the owner's primary business. Most land owners apply for the 1-d-1 appraisal.

Under 1-d appraisal, the land needs to be in use for at least three years, and the owner must be an individual versus corporations, partnerships, agency or organization. The land must also be the owner's primary source of income.

Penalties in the form of rollback taxes, or the difference between the taxes paid under productivity appraisal and the taxes that would have been paid if the land had been put on the tax roll at market value, will be imposed if qualified land is taken out of agriculture or timber production. A rollback tax occurs when a land owner switches the land's use to non-agricultural. These rollback taxes under 1-d-1 are based on the five tax years preceding the year of change. Under 1-d appraisal, the rollback extends back for three years.

Texas law also allows farmers and ranchers to use land for wildlife management and still receive the special appraisal, but the land must be qualified for agriculture use in the preceding year. Land under wildlife management must also meet acreage size requirements and special use qualifications.

The deadline to apply for productivity appraisal is April 30th of the current tax year. Owners of land qualified as 1-d must file a new application every year. Owners of land qualified as 1-d-1 need not file again in later years unless the chief appraiser requests a new application.