



EL PASO CENTRAL APPRAISAL DISTRICT

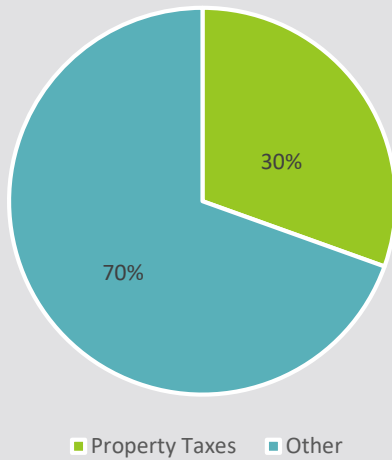
2021 City Presentation



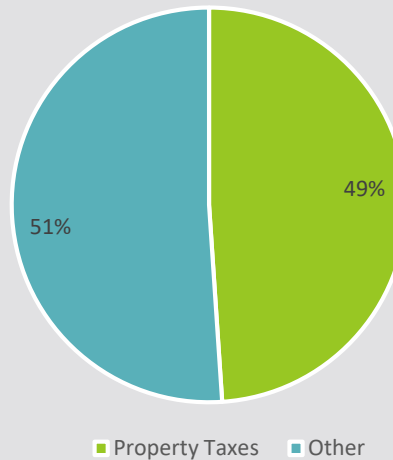
Why Property Taxes?

Property taxes provide significant funding to local governmental entities.

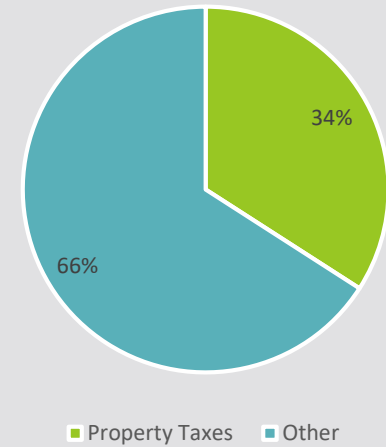
City of El Paso 2017 Budget



County of El Paso 2017 Budget



El Paso ISD 2017-2018 Budget



Property Taxes

Advantages

- Difficult to Evade – secured by property
- Stable and Reliable – less susceptible to short-term economic fluctuations
- Open and Visible – assessments can be compared to other properties

Disadvantages

- More Difficult to Pay – large lump-sum payment, not correlated to cash flow
- Appraised Value to Tax – long periods between reappraisals can cause sticker shock
- Inequitable Appraisals – between comparable properties or property classes
- Higher Administrative Costs – lower compliance costs

Why are Property Taxes So High in Texas?

Texas Taxes as a % of Personal Income

Property

3.91%

Rank 9

Income

0%

Rank Tied for 44 (last)

Sales

4.28%

Rank 9

Overall

8.19%

Rank 30

Source: WalletHub

The Appraisal Districts were established in Texas by the State Legislature to appraise all taxable property in a fair and uniform method so all taxpayers would be treated in an equitable manner.

The Appraisal District has served the people of El Paso County since 1980.



Why Were Appraisal Districts Formed?

- Separation of Responsibility – entities taxing property do not set value
- Lower Administrative Costs – one office appraising properties
- Standardize Appraisal Practices – one appraisal, appraisals done in prescribed way
- Taxpayer Convenience – one appraisal notice, one place to protest value

What Do Appraisal Districts Do?

- Discover Taxable Property
- Appraise Taxable Property
- Administer Property Tax Exemptions
- Work with Property Owners to Equalize Values

How Does the Appraisal District Discover Property?

- Deeds – downloads from the County Clerk's Office
- Building Permits – copies of all building permits issued by county municipalities
- Aerial Photography – software analyzes it for changes
- Field Inspections – driving around the county inspecting properties
- News Sources – newspapers, tv, internet, paid appraisal information services
- Taxpayers – self-reporting

How Does the Appraisal District Appraise Property?

- Gather Information – property characteristics, market information
- Build Models – calculate the property values using characteristics and market information
- Test Models – compare the model values to known values
- Modify Models – if necessary and repeat the process

The appraisal district uses mass appraisal techniques to appraise property.

At an average cost of \$340 (nationally), it would cost over \$72 million dollars to individually appraise all the single family homes in El Paso County.

The current 2020-2021 budget for the appraisal district is \$16 million.

The 3 Approaches to Value

Cost Approach

Calculate the cost of the building's components (roof, walls, floor, etc.)

Subtract depreciation

Add land value

Pros

- Easy to use and understand
- Good method for unique or new properties

Cons

- Difficult to calculate depreciation, especially for older properties
- Different methodologies can yield different costs
- Construction costs are constantly changing

The 3 Approaches to Value

Income Approach

Divide the net income of a rental property by a capitalization rate
The capitalization rate is the investor's expected return on the property

Pros

- Particularly useful in valuing income-producing or investment properties

Cons

- Difficult to select an appropriate capitalization rate
- Difficult to know income and expenses (property owners not required to provide)
- Not useful for owner-occupied or special purpose properties

The 3 Approaches to Value

Market Approach

Compare a property to similar properties that have sold
Modify the value for differences in the properties

Pros

- Easily understood and widely accepted
- Do not have to estimate costs, depreciation, income, or expenses

Cons

- Getting enough sales
- Calculating the impact of adjustments
- Knowing all the pertinent information about a sale

The best indicators of fair market are sales and income information. This information is acquired through time consuming research. Property owners are very hesitant to give out information. But in the final analysis that information will help to place a true and fair market value on their property as required by state law.

Sales Information

- Texas is a Non Disclosure State
- EPCAD doesn't have access to MLS

So how does EPCAD get Sales information?

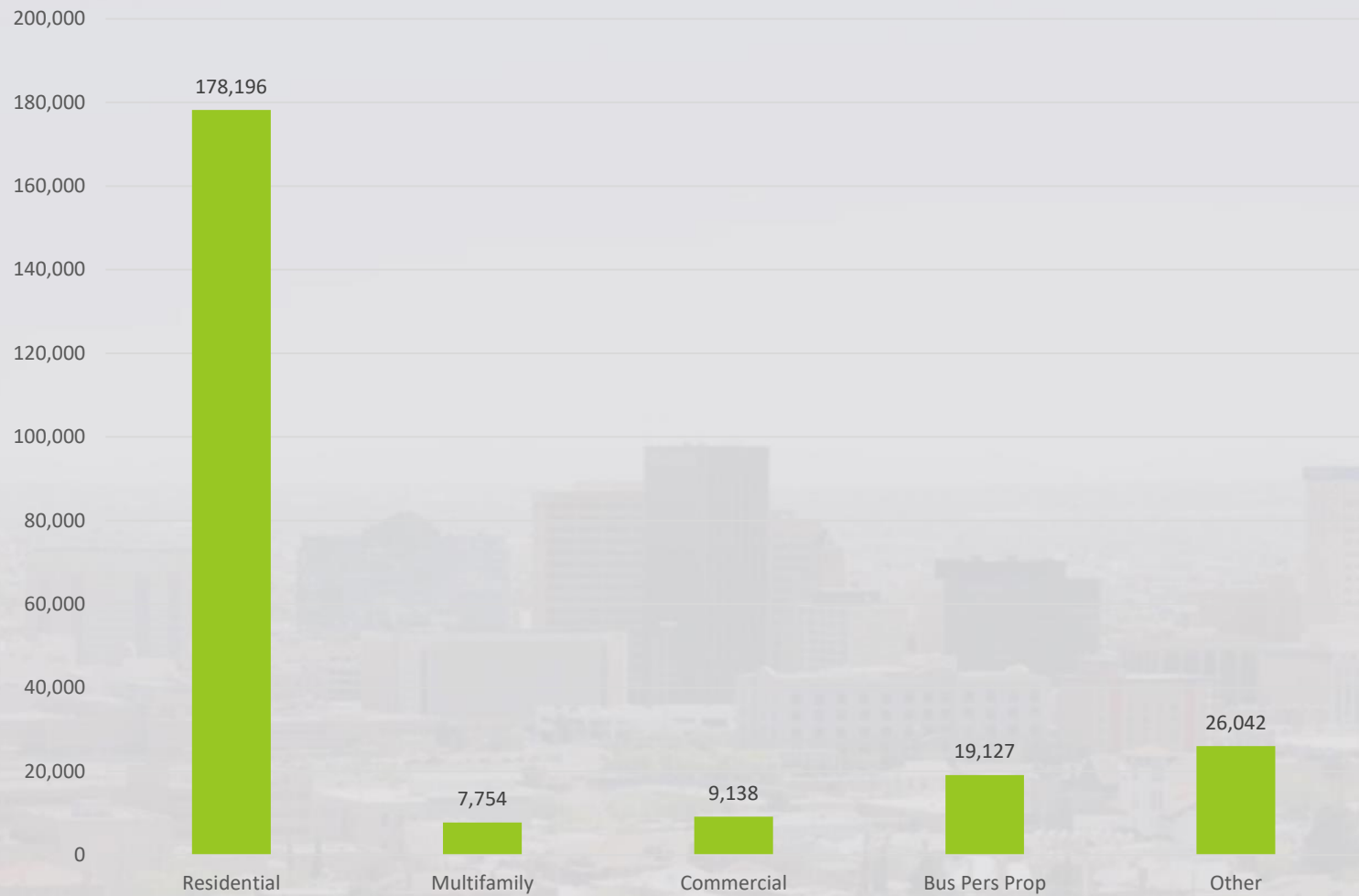
- Deeds
- Sales Questionnaires sent to buyers and sellers
- Evidence submitted during protest hearings
- Flyers with Sale Listing information
- Publications, Internet, Research Organizations

Reappraisal Year

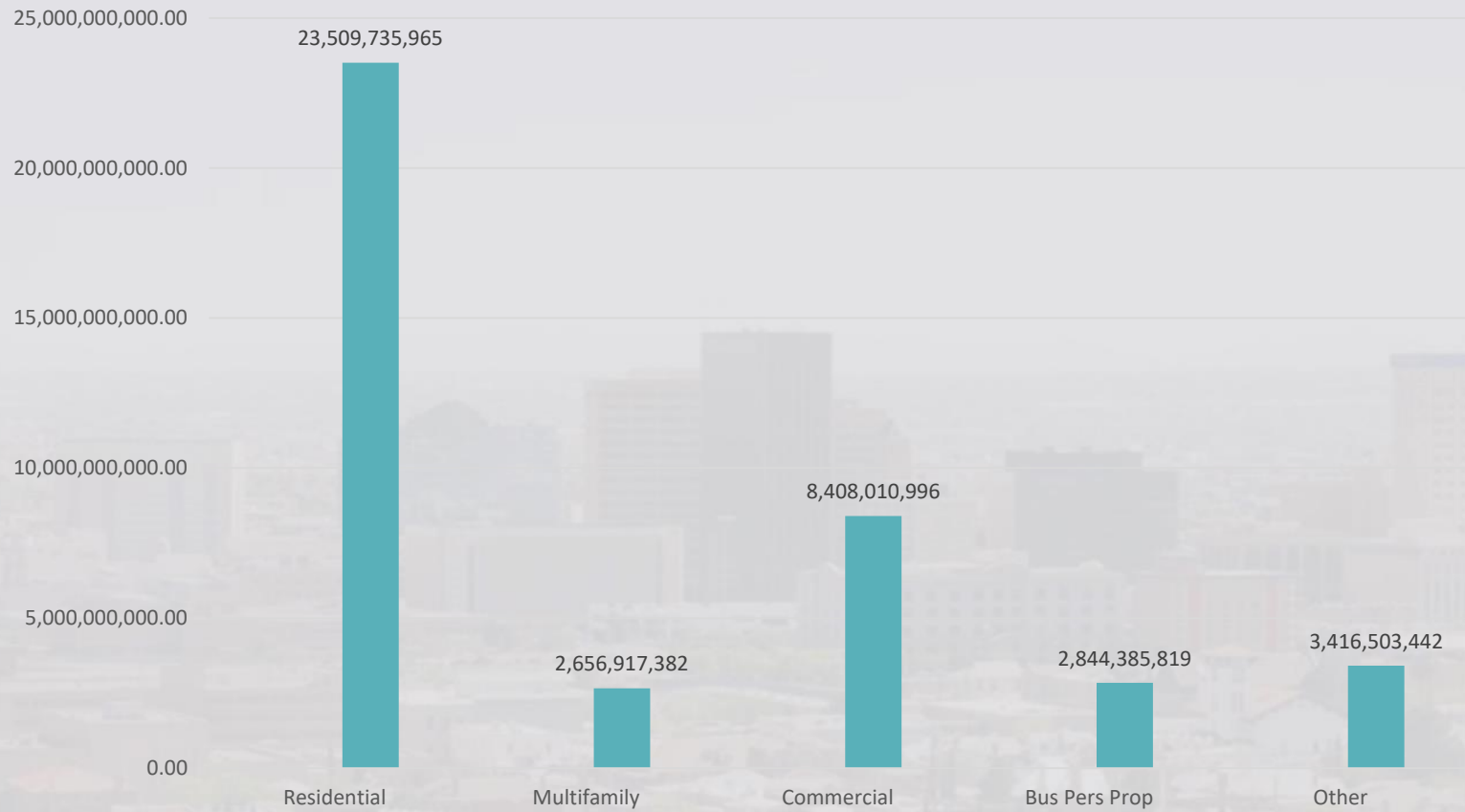
- Texas law requires that a property be reappraised every 3 years
- 2021 is a reappraisal year, 2019 was the last reappraisal year
- The appraisal district constantly monitors the real estate market and will make changes to properties in any year as needed
- A property's value can still change in a non-reappraisal year
- A property's value may not change (or decrease) in a reappraisal year

City of El Paso				
	Change in Net Taxable Value from			
	Preliminary Totals to Certified Totals			
Year	Preliminary	Certified	Difference	% Change
1994	12,899,540,961	12,648,046,479	(251,494,482)	-1.95%
1995	15,038,527,411	13,937,576,701	(1,100,950,710)	-7.32% Reappraisal
1996	15,225,713,642	14,754,004,316	(471,709,326)	-3.10%
1997	15,503,070,324	15,154,128,873	(348,941,451)	-2.25%
1998	15,744,174,483	15,338,471,509	(405,702,974)	-2.58% Reappraisal
1999	16,220,785,781	15,830,923,725	(389,862,056)	-2.40%
2000	16,685,713,246	16,340,380,651	(345,332,595)	-2.07%
2001	17,798,899,128	17,234,071,649	(564,827,479)	-3.17% Reappraisal
2002	17,818,699,383	17,713,160,948	(105,538,435)	-0.59%
2003	18,515,385,281	18,155,131,668	(360,253,613)	-1.95%
2004	20,440,735,195	19,721,379,507	(719,355,688)	-3.52% Reappraisal
2005	21,484,377,367	21,045,610,783	(438,766,584)	-2.04% Reappraisal
2006	25,292,912,944	23,408,514,803	(1,884,398,141)	-7.45% Reappraisal
2007	27,528,817,158	25,855,100,457	(1,673,716,701)	-6.08% Reappraisal
2008	30,051,174,200	28,627,403,726	(1,423,770,474)	-4.74% Reappraisal
2009	30,928,186,313	29,711,647,267	(1,216,539,046)	-3.93% Reappraisal
2010	30,964,046,048	29,929,442,474	(1,034,603,574)	-3.34%
2011	31,586,562,513	30,545,123,198	(1,041,439,315)	-3.30%
2012	32,422,767,947	31,747,883,190	(674,884,757)	-2.08% Reappraisal
2013	33,631,671,346	32,155,164,401	(1,476,506,945)	-4.39%
2014	33,201,950,508	32,342,016,088	(859,934,420)	-2.59%
2015	34,016,876,194	32,798,025,471	(1,218,850,723)	-3.58% Reappraisal
2016	34,732,219,214	33,416,781,763	(1,315,437,451)	-3.79%
2017	35,060,423,424	33,880,070,714	(1,180,352,710)	-3.37%
2018	36,260,646,888	35,248,872,678	(1,011,774,210)	-2.79% Reappraisal
2019	37,143,199,478	35,727,850,258	(1,415,349,220)	-3.81% Reappraisal
2020	39,130,642,592	37,170,466,732	(1,960,175,860)	-5.01%
				-3.45% Average
	695,327,718,969	670,437,250,029	(24,890,468,940)	-3.58% Weighted average
		Last 5 Years		-3.75% Average
				-3.78% Weighted average

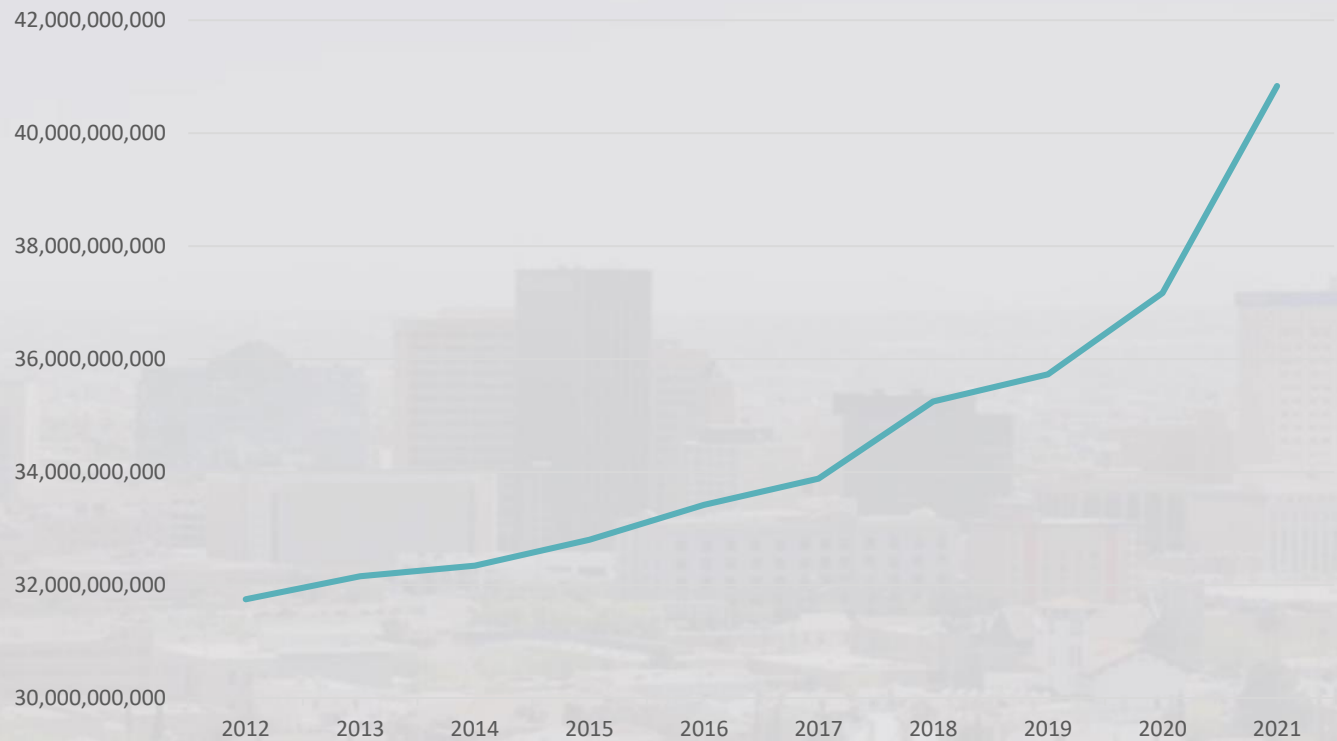
2021 City of El Paso Parcel Counts



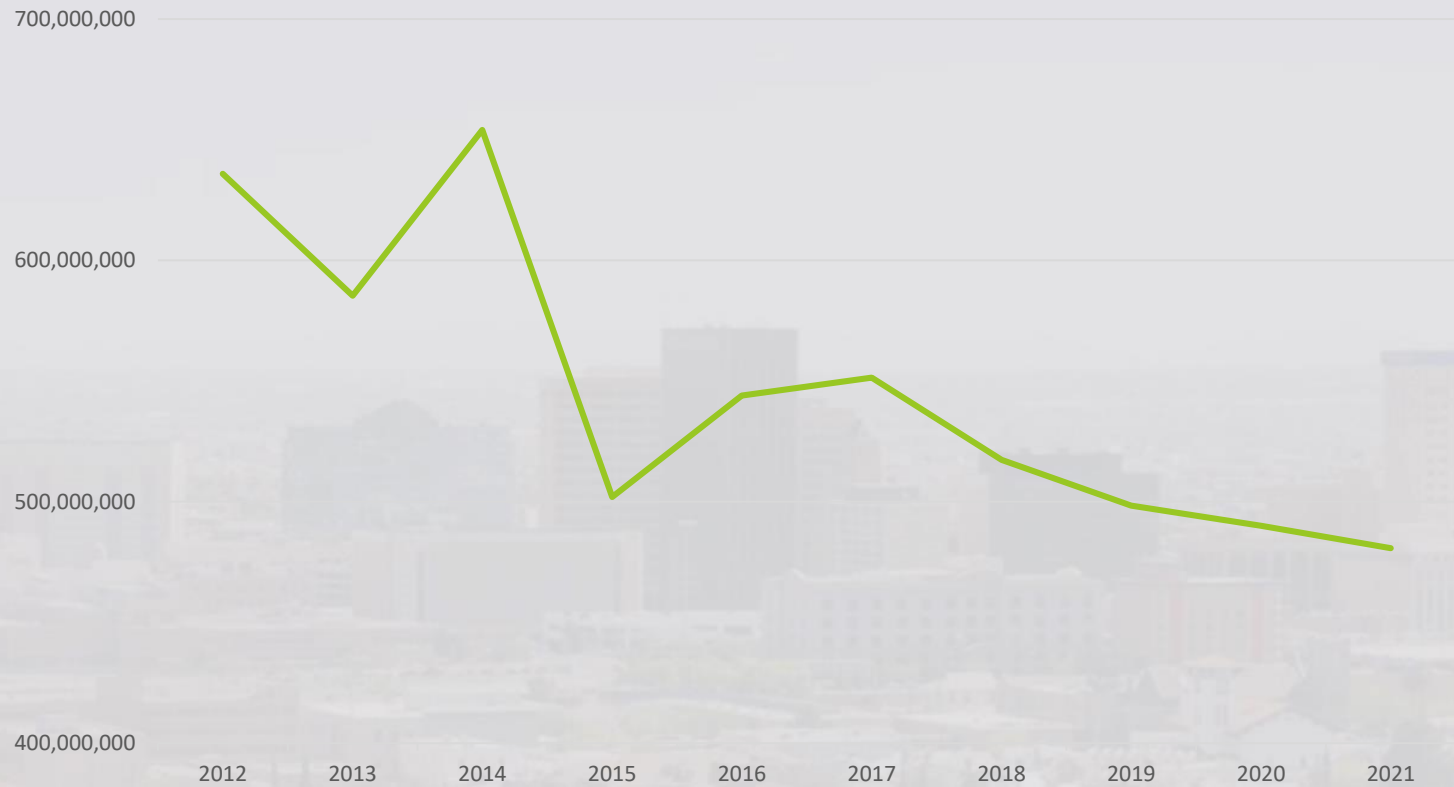
2021 City of El Paso Net Taxable Value



City of El Paso Historical Taxable Value

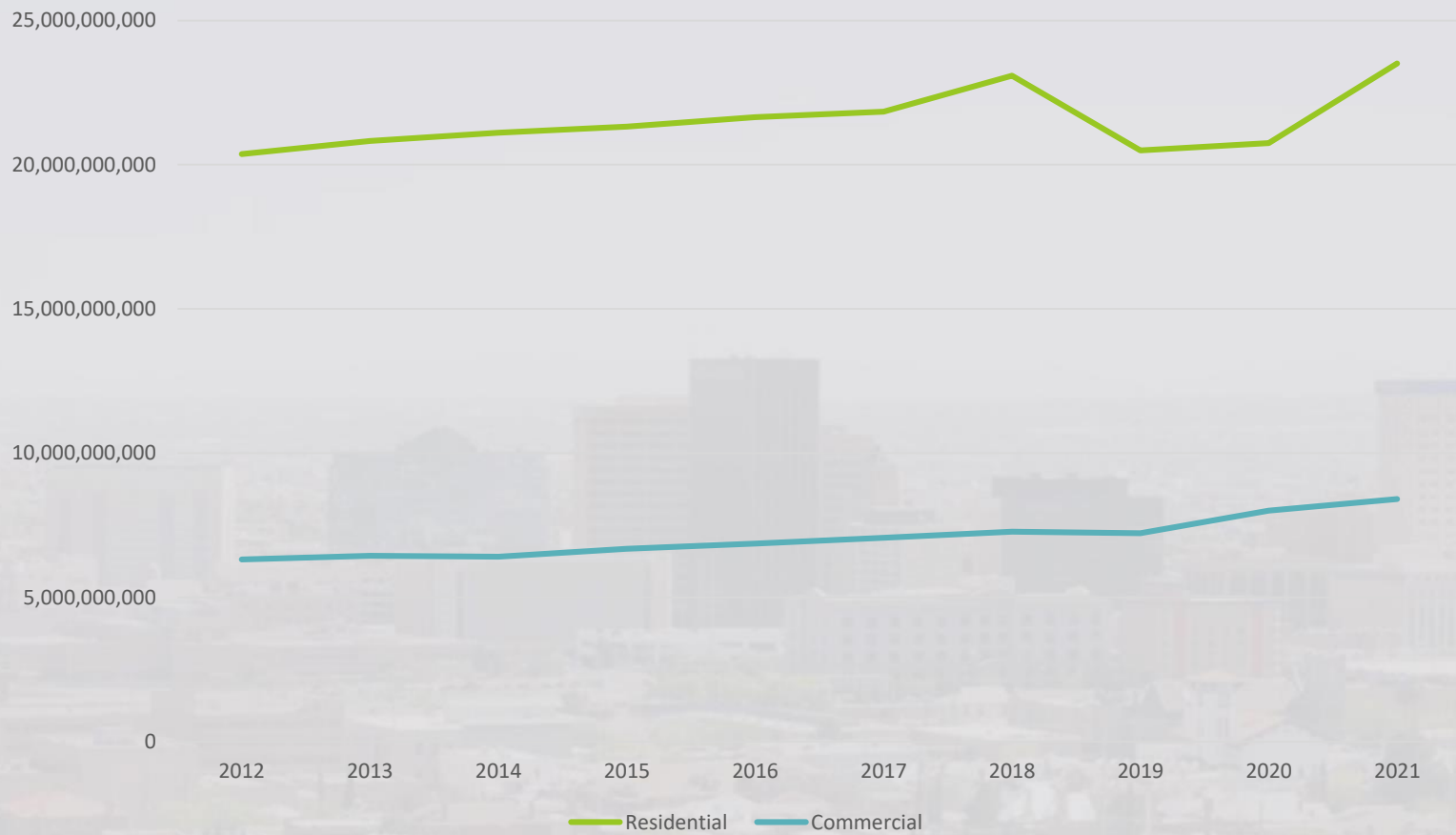


City of El Paso New Construction Value



2018 Preliminary Value \$531,747,369

City of El Paso Historical Market Value



City of El Paso
Residential Commercial
% Change in Value



So, What Happened this Reappraisal Year?

City of El Paso Average Home Taxable Value

	2020	2021 (prelim)	
Market Value	\$141,449	\$162,471	+14.86%
Taxable Value	\$136,304	\$150,280	+10.25%

Why Are Home Values Going Up?

Decreased Inventory of Homes for Sale

- 1 Month of Inventory of Homes
- Normal Inventory is 6 Months
- Less Supply Means Price Increase

Why Are Home Values Going Up?

Increased Construction Costs

- Labor Shortage – Competition for Workers
- Higher Prices for Building Materials
- Higher New Construction Prices = Higher Resale Prices
- High Demand vs Low Supply

Why Are Home Values Going Up?

Easier Financing

- Low Interest Rates
- Relaxing Qualifications
- More Buyers = More Demand

Great, So Now My Property Taxes Are Going Up

Not Necessarily...

- Appraisal Districts determine property value
- Local Governments decide the tax rate
- Municipalities can only increase the amount of M&O taxes they impose over the prior year's by up to 3.5% without threat of a tax rollback (can go higher with "banked" increment)
- If the rollback rate is exceeded, voters may petition for a rollback election
- ISD's have an automatic rollback election if the rollback rate is exceeded
- Tax rates can always be raised to accommodate debt service

Apply for an exemption

There is no fee associated with filing an exemption. An exemption removes part of the value of your property from taxation and lowers your taxes. For example, if your home is valued at \$100,000 and you qualify for a \$20,000 exemption, you pay taxes on your home as if it was worth only \$80,000.

Homestead Exemption

This exemption is available to every homeowner. You can only claim this exemption on the property designated as your primary residence.

Over 65 exemption

A person who is 65 or older may receive additional exemptions. You are eligible for these exemptions as soon as you turn 65 and you don't need to be 65 as of the first of the year to apply.

Apply for an exemption

Owners with Disabilities

Persons with disabilities may qualify for this exemption. If you receive disability benefits under the federal Old Age, Survivors and Disability Insurance Program administered by the Social Security Administration, you may qualify.

Disabled Veterans \ Surviving Spouse Exemption

You can qualify for this exemption if you have a disability rating of 100% or individual unemployability from the Veterans' Administration and you receive 100% disability payments from the VA. You can also apply for this exemption if your disability is between 10% and 90%. Your disability must be service connected. In order to obtain the exemption, the property must have a Homestead exemption and a letter from the Veterans Benefits Administration Office is required.

NEW

First Responder Surviving Spouse

Exemption for the surviving spouses of police officers, firefighters, and other first responders killed in the line of duty.

Important Exemption Information

EPCAD wants to inform and remind taxpayers that you can file for an exemption **FREE OF CHARGE** without the use of paid professionals.

There are companies that state they can save you money by filing an exemption application on your behalf for a fee. These companies are not associated with the El Paso Central Appraisal District (EPCAD).

EPCAD does not charge for obtaining a form or filing an exemption application.

For additional information, contact us at

T: (915) 780-2066

F: (915) 780-2130

Email: admin@epcad.org

Web: <http://www.epcad.org/Home/IWantTo> Apply for an exemption



I'm Not Happy with My Value
What Can I Do?

FILE A PROTEST

The Protest Deadline is **MAY 17**
or 30 days after your appraisal notice is mailed
whichever is later

How Do I File a Protest?

It must be in writing

- Fill out the form on the back of your appraisal notice or just write and sign a letter stating that you are protesting your value
- Drop it off our office 5801 Trowbridge Drive 79925
- Mail it (must be postmarked by the deadline)
- Fax it 780-2130
- Email it admin@epcad.org
- File an online protest at www.epcad.org

What Can You Protest?

- Market value is incorrect
- Property is not appraised equally to similar properties
- Anything else incorrect about your property

During a reappraisal or at any time a change is made to a property, a Notice of Appraised Value must go to the property owner. The owner then has thirty days to file a Notice of Protest. They are scheduled for an informal and a formal hearing. Notices generally go out by the end of April. Hearings begin in May and ninety five percent of Total Appraised Value must be certified to the taxing entities by July 25th.

Steps in the Equalization Process

- Informal Hearing – meet and talk with an appraiser
- Formal Hearing – present your case to an Appraisal Review Board (ARB) panel
- Arbitration – present your case to an arbitrator
- Litigation – present your case in district court

Informal Hearings



**Examples of evidence
brought in by taxpayers
during one on one with an
appraiser.**

Fee Appraisals

Settlement statements

Photos

Estimates

Information from realtors



Property Tax Assistance Division Office of the Comptroller

<https://comptroller.texas.gov/taxes/property-tax/>

1-800-252-9121

Every 2 years, the Property Tax Assistance Division of the State Comptroller's Office conducts a Property Value Study, in part to measure appraisal district performance.

El Paso CAD's Overall Level of Appraisal

99%

2016

100%

2018

96%

2020

Not final

Last but not least:

QUESTIONS – COMMENTS – GENERAL DISCUSSION

Contact Information:

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