

WEST GALVESTON ISLAND PROPERTY OWNER'S ASSOCIATION

MINUTES OF THE PROPERTY TAX COMMITTEE MEETING

May 23, 2002

West Galveston Island Property Owners Association Property Tax Committee Meeting May 23, 2003, 9:00 AM, Galveston Central Appraisal District, 600 Gulf Freeway

Participants:

- GCAD: Ken Wright - Chief Appraiser; Mitchell McCullough, Deputy Chief Appraiser; David Arnold, Director
- WGIPOA: Jerry Mohn; Kathie Harty - Sea Isle; Frank Kay - Dunes of the West; Sidney McClendon - Pirates Beach/Cove; Bill Aimone - Terramar; and, Wanda Greer - Terramar & 5500 Assoc.

The meeting was very productive and lasted over two hours and we all have a better understanding of the tax appraisal process for Galveston Island. We did not succeed in any type of roll backs or adjustments. This has to be accomplished on an individual by individual basis through the hearing process. The GCAD will provide all the justification and reasons for the valuation and they encourage home and property owners to be prepared as well with information such as any type of market values, appraisals, property description, etc. The GCAD has all the information for any property on their website (which is updated weekly) at www.galvestoncad.org, and please encourage any protester to do due diligence in researching the information and to use this site. Demonstrate how your property is different from the standard criteria that is used in the evaluation.

Some of the concerns we expressed during the meeting was the justification for high appraisals, possible inequities in valuations between the City and West End, why one house increases 14% while another one next door increases 30%, use of tax weightings to hit the West End, erroneous market value determinations, perception that the west End is 80% of the market value while the City is 60%, use of a standard to measure properties, increases of 30% for a homesteaded property, was the size of the increase the same for everyone, etc, etc.

The GCAD appraises each year over 200,000 properties in nine school districts. The GCAD is governed by the Texas State Controllers Office and the law requires appraisals at 100% (plus or minus 5%) of market value. If they are not compliant, then the State will withhold school funds. Currently, the GCAD believes they are 95% of the market values for the West End and greater for the City. Possibly a few years back the City was less than the West End but the GCAD feels now with the increased demand for properties and homes in the City, there is more uniformity in the appraisal process.

The GCAD looks at the highest and best use of the property and they use three methods to value the property by the market, income, and cost basis. The market technique is the most common used since it is driven by demand. The Income method is used for an income producing property such as a hotel. We questioned the low valuations of hotels on the island and the reason is that they are depreciated as a business and the rent exceeds the sales value. The income method could not be used for house rentals since the rent will never exceed the sales value. The cost basis is really a replacement cost with one of equal utility.

Since the home property appraisals for the GCAD are almost exclusively market driven, the basic techniques used are mass appraisals where detailed descriptions of each taxable property are prepared and analyzed. Residential properties are grouped into homogeneous areas such as in a subdivision for Sea Isle, Terramar, or Pirates Beach. Then, you may have 5 or 8 different homogeneous areas within the subdivision.

They look at the land, improvements, size, use, age, construction costs, and basically anything that has contributed to the value of the property. They look at sales of comparable homes or properties in the area. They look at the land value then the improvements for the total value than it is compared to the sales ratio, which is the recent sales price divided by the appraised value for all properties. One property could increase slightly while one next door goes out of sight - both based on demand and current comparable market values. Again, the property is based according to their value and not on a particular neighbor's home recent sales price. If it is, this is called "sales chasing" and this method is against the law.

We discussed the homestead features of the law and how weekenders are being penalized with high valuations. By law for a homesteaded property, the GCAD can only increase 10% maximum from the last property valuation. If your home is homesteaded and it was last appraised in 2001, then your valuation can only increase 10% per year since the last appraisal, max 3 years. If your home is not homesteaded, then you fall into the market demand category and the appraisal is based on the best available information and it could conceivably increase 30-50% over the last appraisal.

We inquired if it pays a property owner to hire a firm such as Novotny & Co or O'Connor & Associates. They advised these firms will perform the same task you would do in any due diligence search but these firms receive 50% of any savings. It is mass produced and the more they evaluate, the better. Ken Wright did caution anyone using these firms to be cognizant in the agreement they sign because it is for life.

There is supposedly SB 10 in the Senate that will cap all property appraisal increases, whether homesteaded or not, at 10% per year. I checked the Bill and it relates to insurance. We will determine if this is the correct Bill or obtain the correct Bill number and whom to contact for its passage.

There are inequities and appraisers are human and subject to errors and for this reason, any property owner that believes their property is assessed too high to please protest and request a hearing. The deadline is June 4 to file a protest. The GCAD hears over 20,000 protests annually. If you do not like what the GCAD appraiser advises during the meeting, request a hearing from the Appraisal Review Board (ARB), which consists of 9 citizens (not employed by the GCAD) that serve two year periods. The hearing will have a panel of 3 ARB members.

We hope we covered most of everyone's concerns but any rollback or reduction will be dependent on a hearing. Please again encourage any property owner that considers their appraisal as unreasonable to protest! Use the website, www.galvestoncad.org, for information. Also, use the following for maps for your area and property, <http://gis.tamug.edu/gis/gcgis/viewer.htm> and <http://members.aol.com/gcadmap/index.htm>.

Please let us know where we can assist or any other questions to address.

- [Jerry Mohn](#)