



Episode 30: Money Season: Let's Talk Appraisals

Let's be honest -- REALTORS face an ever-changing industry. With emerging tech, growing trends, and a booming market, it's vital to keep up. Join me, Gilbert Gonzalez, CEO for the San Antonio Board of Realtors, as I get real with experts on what REALTORS need to know about this industry. It's time to get real.

Hi everyone. Today I am talking with Michael Amezcuita, Chief Appraiser for the Bexar County Appraisal District. Welcome, Michael.

MA (00:29):

Hey Gilbert. Thank you for having me.

GG (00:31):

Thank you for being here with us. Obviously, your work ties in pretty closely to the work our members do in the real estate industry. So today we're going to get into what exactly it is you do, how you do it and why you do it. So, let's start with a refresher on what the Bexar County Appraisal District is. A lot of people may not realize that BCAT is not actually a part of the county. So, tell me how do you operate within the government?

MA (00:56):

Okay, so it's pretty simple. In 1979, when the property tax code was adopted every single county in Texas, with the exception of Potter Randol up in Amarillo and a couple other ones, share an appraisal district. Most of us have our own appraisal district and it was designed to remove the appraisal process from all the local governments and have a centralized appraisal, centralized exemptions, centralized appeals for all taxpayers. Both convenience cost savings and believe it or not to try to remove the politics out of the appraisal process.

GG (01:31):

Because the, so like the school district did its own, the city did its own. The county would do its own and they would all appraise your house differently.

MA (01:38):

That is Correct. And so, it was very confusing for taxpayers and things are still confusing, but at least their centralizing is only one group that the taxpayer has to interact with on value and exemptions or their appeal. And you know, along with being established since 1979, appraisal districts now are 41 years old, so they have gone through a, a number of iterations. And one of the things that we're required to do now is not just hold market value hearings, but also have equity hearings, which have

only been around since 1997. You know, I think by and large, the, the main difference in terms of governance for the appraisal district, currently my board of directors, the five voting members that I have in the ex officio county assessor, they hire and fire the chief appraiser, they adopt a budget, they adopt policy. They have almost zero influence as a matter of law over values, rather than to adopt a reappraisal plan, which we submit to them bi-annually.

MA (02:46):

But you know, basically they're kind of elected by the largest jurisdictions in Bexar County. Some people say, well, that's still the, the fox guarding the hen house, but the fact of the matter is most of these people are very apolitical. They're not political people. There are some people that are elected to my board that are popularly elected former county commissioners, former city council members, that sort of thing. But the fact of the matter is my job is very well articulated in the tax code. There are minimum requirements for doing the job that we do, and the board has little influence other than the hire and fire the chief.

GG (03:32):

So how many people are on the board of directors?

MA (03:34):

There are five, it can't be expanded, but currently we have five voting members and one ex officio member. So essentially the city and SAISD generally have enough votes to elect one member. Northeast and North Side have enough votes to elect a member. My current chair, Sherry Byrum, she's been chair and off on, again, now and then, she represents a lot of small school districts. Her husband was a 34–35-year member of the Southwest ISD school board. She's a retired nurse and, and lives on the south side. And then I have I have the city, the county, the small schools, and, oh, there's one more in there somewhere. I'm sure. But,

GG (04:21):

But so, when we talk about 'em though, it like, it's, it's the research for me when, when I try to talk to you is like the, it doesn't, the, your authority doesn't come from the city of San Antonio. It doesn't come from the county. It comes from the tax code, which is essentially the state, right? So, it's, everyone thinks though you work for the local governments and that's not true.

MA (04:40):

That's true. And I can tell you that years ago I had a conversation with Nelson Wolf. I won't tell you about the conversation, but I will tell you that I did get a letter from the commissioner's court asking me to remove Bexar from the name of the Bexar Appraisal District, cuz they didn't want to be affiliated. And I told them, I said, well, I don't really want to be affiliated with the county either <laugh> but are because we are in the same county. And as recently as probably 2018 or 19, I got another letter from a then sitting commissioner asking for the same thing. But no, we didn't change our name and no Bexar County still isn't my boss. And they have a vote on my board, but I don't work for the county. I don't get any benefits from the county. I don't have any pay from the county other than the fact that every jurisdiction that participates in the appraisal district, whether it's Alamo Heights or South San, whether it's Fair Oaks Ranch or the City of San Antonio, they all pay a percentage of our operating budget based on percentage of the levee or the amount of taxes collected in the entire county.

GG (05:47):

So, they pay you to tell us how much this house is valued. And then once they get the value, they do what they need to do with it. That's the way they figure out their taxes. That's the way they were gonna figure out their budget. It's like your one job is, let me tell you how much all this property is worth

MA (06:02):

That and the administration of the exemptions.

GG (06:04):

Okay. So, when someone says, oh my, you know, you're responsible for my tax bill. You're not, you're responsible for setting the value of that property.

MA (06:15):

Right. And you know, what of the things that my assistant Roy does very well is he articulates for homeowner groups when we go out and do our public speaking and there actually are three parts to the tax bill. The value and the exemptions are the part I'm responsible for. The tax rate setting, that's the local jurisdictions. And by the way, just because they didn't raise their tax rate didn't mean they didn't raise your taxes. Taxes can go up if the value goes up and the tax rate doesn't come down in proportion to those value increases. And then of course the last part is the collection part. That's a ministerial function, much like mine, in that the county assessor has very little discretion over what he can or cannot collect because it's stipulated in tax code. This is what you shall do. And so those are the three parts and it's suffice to say, it looks very much like we're tied at the hip, but we're very much not

GG (07:10):

It's a fascinat. And maybe it is because y'all all share a name, Bexar that I've never heard that before, but that's pretty entertaining. So, I wanna come back to, to the tax rate setting. But before we get into that, most women homeowners have just received appraisal value notices that reflect the region's tight housing market with valuations for single family houses up to almost 23% across the country from 250,000 to 309,000. Can you talk to us about why that is and your procedure to appraising residential properties?

MA (07:42):

Sure. And like we were talking earlier, actually the countywide values are up 28%. The 23% pertains to the city of San Antonio, 23.2% I think. The bottom line is values in the state of Texas are up dramatically. San Antonio falls kind of in the middle of those dramatic increases. Our countywide values are up 28%. Our neighbors to the north and Komal County went up 46%. Hayes County went up 47%.

GG (08:14):

So that is, Austin is Komal. Hayes is Houston.

MA (08:17):

Hayes is actually San Marcos. Hey,

GG (08:19):

San Marcos, Okay.

MA (08:19):

And then Travis is Austin. Okay. And that went up 56%. Oh wow. And even in conservative Williamson County, which is Georgetown, Texas, 49% increase in market value. And I can tell you, my, I, I, as I was

telling you earlier, I just visited my brother this weekend up on like Travis and he actually got a 58% increase on his house. So, he deserved it. You know, by and large, I think that all appraisal districts try to do is to number one, collect as much data as we can. Most of that data, as we've talked about before, comes from our sales solicitation letters, which we send into buyers and sellers in a, in an agreement with you, we inserted some extra language, letting folks know they don't have to answer this if they don't want to, but we still get about 30, 35% of those return to us with information.

MA (09:09):

And so that is by and large where our, our meaningful data comes from anymore. Last year's sale really doesn't have anything to do with this year's value. So used to, we would use refinance appraisal information from the prior year, appeal information from the prior year. When we look at a year over year increase in sales volume or value of around 18%, thankfully we get a lot of your, not granular data but your, your big data for Bexar County. So, we look and compare those statistics to see how they comport with the data that we've collected. And then we also follow up and we check it on a more granular level to the extent that the real estate center at Texas A&M publishes that data as well.

GG (09:55):

And when you say that data, you're talking about per the, the reports that come out that say this zip code has increased by this amount, this zip code or this part of town has.

MA (10:03):

And, and even bigger than that, this stuff I'm really interested in is, you know, how, what, what's the volume of sales increase month to month? What's the, what's the average sale price or the median sale price increase year over year, same month. And so, we look at 12 months worth of data and we look at six months worth of data. And then we kind of dig down to see how that data mills with the data that we've collected.

GG (10:27):

So, you know, in, in, in, in the last couple of years, everyone has been talking about how the appraisers don't have the information or the history to validate some of these transactions, right? Because people are willing to pay more and it's kind of inflated the prices. How did you adjust to this idea of if you were using data from last year from appeals processes and now knowing, man, one year ago is completely different story than what it is now. So how did you adjust?

MA (10:57):

So, you know, there are time adjustments that fee appraisers use on older sales that that's all they have to work with. Find that primarily out in the county, in the rural areas where you don't have a sale right down the street, or next door, two blocks over, but you might have to go a mile or two miles to three miles to find the next residential property that's sold. And so, there are time adjustment factors that you can use using the, that big data we were just talking about. If the average percent increase is a percent and a half a month, and you're dealing with a six-month-old sale, that's pretty simple math. You know, you need 9% adjustment right there just for time. And so, we'll look at that time adjustment or that time adjusted sale price relative to the current data we have around January 1st, cuz that's our targeted appraisal date by law, and if that makes sense, then we use it. If it doesn't make sense, we don't use it.

GG (11:49):

So many San Antonio homeowners complain that the mass appraisal process is unfair and should their home soar in value, when they've done nothing to them, they haven't, you know, put in a pool or put in

you know renovated it, just because the home is in a popular part of town. How would you address those concerns about the mass appraisal?

MA (12:09):

Well, no matter what kind of appraisal, whether you're doing mass appraisal or fee appraisal we all have to comport and comply with the same uniform standards of professional appraisal practices. And so, we all know that the number one, the definition of value is location. And so, if you insist on being in Monte Vista, there's a price you're gonna pay. If you insist in being on the dominion, know there's a price you're gonna pay. There's a, if, if there's a need to be in Hubner elementary middle, or, or Eisenhower middle school, you're gonna pay a price to live in that school district, irrespective of what neighborhood it's in. And so that's just, those are things that the market does. We simply try to analyze and reflect what the market's doing to the extent, as we were talking about earlier, that we don't have sales price disclosure in Texas. It's not a perfect system, but I don't think homeowners want to pay \$400 or \$500 for every appraiser to appraise every single piece of property in a fee capacity, which is the alternative.

GG (13:15):

So, the alternative is we are gonna need a bigger budget in order to actually appraise everybody. And that's just UN practical in order to do it.

MA (13:22):

It's not practical. And, and I'm not sure that I could hire enough people to get that amount of work done. I mean, we have 567,000 homes in Bexar County and from 2003, we had about 522,000 parcels. We're now 750,000 parcels thereabouts.

GG (13:43):

So, what do you, how about the instance though? And I'm gonna pick on, I think it's Monticello, Monticello around the Jefferson High School. Something where somebody is now moving in. That person has lived there for 30 years, but their neighbor just came in and, you know, bought the house next to them, completely renovated it, gut it, put out everything modern in it. That's the person who's saying I haven't done anything to my house. It's been the exact same house since I bought it. 20, 30 years ago, my kids have left and it's just me. But my, because of the mass appraisal, I value went up, cuz my neighbor came in and found this neighborhood to be, you know, desirable. Like how do you address that person?

MA (14:24):

Well, you know, like I told you most of the properties inside of 410, I'm not gonna pick on any one neighborhood in particular, but I would just say that generically speaking, that happens primarily inside the loop, inside of 410, and it's not generally one home that does it, but a recurring pattern or trend of housing that does that. And so, as neighborhoods and subdivisions go through their development cycle where they're new and they peak, and they plateau and then they start their decline and then there's redevelopment. That's where we find ourselves, generally speaking, inside of 410. It also tends to create a lot of gentrification. I'm not sure that it's the necessarily the mass appraisal process that causes that because if a time taxpayer fits that description, you just described, they're surrounded by properties that are being rejuvenated, revitalized, redeveloped, enhanced, and their property is the same.

MA (15:24):

Man, a picture's worth a thousand words in that appeal. But the truth of the matter is to the extent that we can distinguish between those properties that have been upgraded and those that haven't, we may have two or three different market values running in the same neighborhood. The land is apt to be the

same because that's the location. But the degree of value that we place on those homes is largely gonna be very different. I mean, I have the city and San Antonio Housing Authority building affordable housing embedded in parts of Beacon Hill over in near Government Hill and in the Denver Heights area. And then I have the old mainstay people that, like you said, have been there 30 years and haven't done anything other than maintain their property. And then I have all the redevelopment going on around them. So that's at least three markets right there.

GG (16:18):

So those people obviously are going to want to protest their taxes.

MA (16:23):

Well, there's no tax rate set yet, so you can protest your value.

GG (16:26):

You're right. You're absolutely right. You see, I did it to, did it to you as well. Those people are gonna wanna protest the value of their properties.

MA (16:28)

Sure.

GG (16:29)

And they, but, and you've gone on the record, like you encourage everyone to do it.

MA (16:30)

Absolutely.

G (16:31)

Like I, I know you've always encouraged people to do it. So, what do you wanna tell that hypothetical person who says, I'm overwhelmed here because my property has been mine and I haven't done anything, but now I have this gentrification happening. What are you gonna like, how are they gonna wanna start that protest process?

MA (16:57):

As I told you, I'm actually a survivor of gentrification. I grew up in East Austin and the East Austin that exists today looks nothing like the East Austin I grew up in. So, I can tell you that I have a real problem with gentrification, but I'm only part of the problem. And I have a full understanding of it. The real issue is getting taxpayers to actually file that appeal. If they file the appeal, that's the only way I can legally share whatever sales data I've managed to collect, since we're a nondisclosure state. Ten, fifteen years ago, Gilbert, if you called me up and said, Mike, I'd like all the sales in XYZ neighborhood, I'd say, okay, I'll just email 'em to you. Well, I can't do that legally anymore, unless you have a current appeal for this year on your property. So, you have to have a protest.

MA (17:49):

I hate that word. Really it turns out to be more of a conversation with my staff and it's never been easier than it is the last two years. We learned some things during the pandemic, how to communicate with folks. Back in the day before the pandemic, you follow a protest. I send you a scheduling letter telling you when to show up at my office and you have to take off, you have to arrange for childcare. You have to take off from work. You have to come down and find parking, good luck with that. It's a real hassle.

Today I send you a notice, you file your appeal. I send you a letter, it has a QR code on it. You scan that QR code takes you into our appointee system. You tell me, not unlike whether you're scheduling a massage or a dentist appointment or a doctor's appointment.

MA (18:40):

You tell me when you want to come in. And then my staff will contact you either by phone, by email or by zoom, if you want face to face. But those are the only face to face meetings we're having for informal meetings this year. We served about 12,000 more taxpayers last year doing it that way because people didn't have to take off from work. You didn't have to find a babysitter. You didn't have to try to reschedule your vacation plans. Now you're telling me, literally, you if you wanna protest now and set it up in May. Great. You wanna set it up in June? Great. You wanna set up in August? Great. You wanna set up in the first part of September? It's a good possibility we're still gonna be doing hearings at that time. It's absolutely doable.

GG (19:25):

So, and, and as someone who followed your advice and protest is every year, I can tell you the process is a lot easier.

MA (19:26)

Good.

GG (19:27)

One of the questions that I asked though, is the exemptions. I don't think everyone knows how to properly take advantage of homestead exemptions or over 65 or VA. Do you know how many people, actually, have the appropriate exemptions on their properties or how many people don't take full advantage?

MA (19:49):

So, this has really been the subject of some big data discussions because we were contemplating probably four or five years ago doing a homestead audit because in Texas, every homeowner is entitled to one homestead exemption. That doesn't mean one for you and your wife or you and your partner. That means one for an adult or one for a family period. So that's not our rule, that's a state law. And so, you know, we were gonna scour the data to see how many duplicative exemptions or fraudulent exemptions may be out there. But if, and only if they could also scour that same data and tell me how many people have a matching address or a matching hospital bill or a matching utility bill with an address that they live at, for which they're not claiming a homestead exemption. And then we would send them a homestead exemption as well.

MA (20:44):

The laws have changed since that time. And now after I send out appraisal notices, about 30 days later, we send out a solicitation letter that meets that criteria saying, hey, we think you might be entitled to a home set exemption. We send out almost a hundred thousand of those this year or will. Right now, we have, as I say, 567 thousand ish residential properties in Bexar County, that includes condos manufactured housing, that sort of thing. Of those, roughly 60% have a homestead exemption. That's not real different from the number of renters to owners percentage wise. We did send full notices this year to everybody who's entitled to a notice, which is, if you're not exempt, you gotta notice from me. So, we will send out, roughly, we sent out 675,000 notices the first time. That's the big batch. That was the mailer that went out on the seventh, I believe, of April. And we probably will mail another 40 or some thousand more

GG (21:55):

So, at a different talking about the homestead exemption, but a little bit different. One of the projects that San Antonio Board of REALORS is working on, is trying to get the city and counties to increase those budgets. How does our homestead exemption compare to those of the other major metropolitan areas?

MA (22:14):

Very Poorly?

GG (22:15):

When you say poorly, what does that look like?

MA (22:18):

Our calculated exemption is 0.01% because that's the math it takes to get to the base minimum of \$5,000 for a homestead exemption. In Comal County, which is not exactly a major Metro, but just immediately to our north, they grant a 20% local option, which is the max that the state allows, 20% local option homestead exemption for both the city and the county as does Travis County, which is Austin, Harris County, which is Houston, Dallas County which is Dallas. And I think some of the surrounding cities in and around the metroplex also do that as well. We're seeing more and more of a trend that way. And San Antonio is having that conversation now because even though our values went up tremendously, that's the only reason they're talking about lowering the tax rate is because SB2 requires there to be no more than three and a half percent new revenue collected from one year to the next. Well, the values have gone up so much, if they don't lower that tax rate, they're gonna have to go to the voters to get permission, to keep that money. And I'm pretty sure they know what the answer's gonna be.

GG (23:26):

I can assume. Yeah. So, and I did it to you, right? I earlier, and you corrected me and I said, you raised taxes. You don't raise taxes. You

MA (23:34):

I am part of that problem. I'm part of the calculation.

GG (23:36):

You're part of the calculation. But what you do is you assess people's property values. So

MA (23:37)

That's correct.

GG (23:38)

If my taxes have been 10% for, and, and I think you said the last time the city or anyone raised taxes was maybe about six years ago, but let's just so let's just operate under the last five years. So after the last five years, I haven't raised my percentage of taxes. I've I've kept it at whatever 5% it might be.

MA (23:39)

Mm-Hmm <affirmative>

GG (23:40)

And my house has gone up, even though the city can say, or the, the taxing entities can say, we haven't raised our tax rate, they are getting more money because the values of property are naturally going up.

MA (23:41)

Correct.

GG (23:42)

So that's why everyone comes to you and says, you're the one who raised my taxes.

MA (23:43)

Sure.

GG (23:44)

So it's not you who sets the tax rate. You are just saying, Hey, this is how much that house is worth. It's up to the local government to kind of address like, oh, well, you know what? These property values have gone up exponentially. So, everyone's gonna end up paying more taxes, let's adjust our tax rate in a way that it does it, we're not necessarily and, but that's, what's happening this year, right? The values have gone up so much that the cities get more money than it's legally allowed to do.

MA (24:48):

That's correct.

GG (24:50):

So how would a 20% tax homestead exemption help?

MA (24:56):

Well, I mean, first of all, just remember that even though values are up 28% countywide, that homestead exemption that you're entitled to, if you had it before 2022, you had it back in 2021, there's a 10% limit on future value increases. I still have to appraise at whatever the market value is, but the amount you pay taxes on will be artificially reduced by that standard to 10%, period. So that, that's a big deal. That's probably the most valuable part of, of your homestead exemption, as far as you know, how we do these values and those exemptions, the interplay there, even before we had this great big increase in value this year, because of reflecting, what's going on in the marketplace in Bexar county, San Antonio, Texas, local governments were taking in more money before simply because the value increases year over year for the last, at least dozen years have outpaced the difference in how much tax rates are lowered.

MA (26:00):

In other words, whether we have a 4% market, a 7% market or a 28% market, as values continue to climb year over year tax rates come down some, but never in proportion to those value increases. Even as we're having this conversation now, from what I'm hearing, I think that the local jurisdictions will lower their tax rates to the level to not exceed the, the voter approval rate or to have to go get voter approval. Because I think we all kind of guess what that answer might be. That tells me that they're still planning on collecting more taxes, maybe up to three and a half percent more revenue than they collected last year. Tax rates and revenue collected is very much in line with what local governments plan and decide to spend. The appraisal district gains absolutely nothing by an increased value, except a long hot summer of hearings. And that's gonna happen. That's gonna happen this year and probably will happen next year, I think to a lesser degree next year. I think we've already seen; my brother happens to

be a mortgage broker, they've seen some pull back in, in the volume of sales and properties pending to close even in Austin. So, I think that's very much the case.

GG (27:24):

So, our, a lot of homeowners will often call their realtors because our, our, our members are, you know, that resource for them.

MA (27:32)

Sure.

GG (27:33)

What would you tell those realtors to be prepared to, to help homeowners get through the process? What, what are they anticipating? Everyone, there's probably gonna be a greater number of people protesting. I'm assuming you're ready for that.

MA (27:43)

Absolutely.

GG (27:44)

How can our members help out?

MA (27:47):

Well, the number one thing to do is, you know, your CMAs are invaluable. The fact that you have local realtors at work particular forms, if you will, of properties and they're most familiar with those properties so they can look and distinguish between that Monticello home that has been fully renovated versus the ones that have not had anything done to them and find the appropriate comparables to hopefully help that taxpayer get some relief. I will tell you this, that my staff knows very well. The one thing I haven't told you is we saw 12,000 more people last year through our virtual services If you will, at 141,000 appeals, 94% settlement rate. My staff is not there to argue with you. My staff is there to try to assist, because I'll be honest with you, and I know we're gonna talk about commercial values in a little bit, I can't give away enough residential value to make up for the losses that we will suffer commercially. And it's not just a matter of resources and sophistication of the appeal, but rather an abuse of the system that the state of Texas has put in place.

GG (28:56):

Let's, let's finish up on that one, the commercial appeal process. When you talk about the abuse, what are you referring to?

MA (29:00):

I'm talking about everybody is appraised. My job is stipulated in section 2301 of the tax code. Everybody's appraised at a 100% of market value period. The problem is in 1997, without a public hearing, we had a very defining moment in time in terms of a bill that was tacked on to another bill. And it passed without any public scrutiny and it's the equal and uniform provision of the tax code chapter 43 of the appeals code and chapter 40. 42, I'm sorry, chapter 42 of the district court district court appeal 41 43 is the ARB statute that simply says no property shall be appraised above the median level of value. That's the midpoint of a group of similarly situated properties. That sounds really innocuous and harmless. In a neighborhood, It is, because what do you have in a neighborhood? You have consistency. You have HOAs that in that ensure uniformity, you have building codes that ensure uniformity, but if I'm

the best shopping center in town, and I compare myself to six other properties, by definition, I'm taking the best property and lowering it to the middle. That doesn't happen for the average homeowner, but it happens time and time again, with the best hotel, the best office building the best apartments, which, by the way, I have about \$11 billion in litigation with apartments. The fact of the matter is, it's set up for them to win. The code is doing exactly what the state legislature intended its tax policy to do. And yes, homeowners get stuck with that bill because they don't get the same treatment.

GG (30:58):

So, when you say that we're not talking about the sales, you're talking about just in

MA (31:04):

The appeal,

GG (31:05):

The appeal process for them because they get to get the, the luxury hotel on one side of town gets to say, I'm the median price is the same as the midrange downtown. And therefore you need to automatically reduce mine. Absolutely. Okay. So this doesn't , cuz some people, when you, when you say that will say, well, you don't really need all that commercial information because as part of a commercial deal, it's not just the actual property. It's also the business that goes along with it. And therefore, you know, your argument fails. Like what would you say to those people who are addressing that? Like,

MA (31:38):

Well, that's silly because virtually every commercial deal is financed and every financing deal has an appraisal attached to it. And so, as an appraiser, I've reviewed literally thousands of those and whether you're appraising the business or whether you're appraising the real estate, which both are capable of being sold severally, is really more a term of art. We don't tax business value in Texas. So, I think wrongly so, we routinely remove up to 30% of the flag value on a hotel, for example, well, what's the business value of an apartment complex? There really isn't one. I would say there isn't one on a hotel in large part. There's arguments on both sides of that, by the way, at every level, all the way up to the Supreme court. So, I'm not gonna get into that, but I will tell you that just in, in principle, we can look at the market value of residential and commercial property. And we can look at the market value appeals of residential and commercial property. But the fact of the matter is the die has been cast in favor of commercial property owners because the standard language is the same in the tax for whether you're a residential property or if you're a commercial property. It's very difficult to take a, to take the best property in the neighborhood, lower it to the median and affect the same kind of change you can when you take a \$600 million hotel and appraise it at a \$300 million level,

GG (33:18):

Are you saying that commercial who bear, let me re rephrase, who bears the burden of commercial's ability to use that rule?

MA (33:29):

There is no burden. It it's a, I mean, the law was written by a really good friend of mine who got a, a legislator to slip it into the code and he makes his money suing appraisal districts. I will, I will tell you this, I have very little residential lawsuits. I have tons of residential appeals and we'll deal with this, hopefully in a way that taxpayers feel hurt. But commercially, in a given year, I may have 18 to 30 billion in litigation. A minutia, less than one 10th of a percent will be market value based. The rest of it is equal in uniform. What does that tell you? That's where the money is. That's where it's easiest to scam the system. That's most ripe for abuse. There's no reason for the best hotel, the best apartment, the best

office building to be appraised at the median of any, anything. Texas is the only state in the nation that has an equity appeal that isn't tied at some point to market value.

GG (34:30):

So, you call it a scam.

MA (34:31)

It is.

GG (34:32)

The business commercial community is saying, Hey, it's the law. If you didn't, you know, like maybe y'all should have changed it then like you're you had your friend come up with it. Like what I, if the law is the law, what, what is the pressure point that it creates for you? I mean, at this point, is there a fix to it?

MA (34:46):

I think this is a turning point year. I think there's so much upheaval throughout the state over the rise and property values. Taxpayers are gonna look for some parody and there's no mistaken. The fact that states tax policy has put every homeowner under the gun. I either do my job and value property at market value, residential, commercial, and business, personal property, or they'll find someone who will. That's the standard for the first part. The second part is the appeal. And the appeal is something that is very rightfully so used by commercial interest, because if you don't, you're at a distinct disadvantage, but that doesn't mean just because it's legal, that it's ethical and that it's the right thing to do. But that's what the state of Texas has chosen to do. So, when a tax, when a, when a politician talks about appraisal reform, that's a good place to start.

MA (35:43):

Let's start with the appeal process because that's where most of the data is. And if you really want to help homeowners, why don't you make the out-of-state commercial owners pay their fair share? As well as the in state commercial owners, I had a tax agent this year ask me what the value is on my role of non-state of Texas resident own commercial property is. Out of the 275 billion we have on the role, 42 billion is owned by out-of-state interest, which are using our state laws to reduce their tax burden at the expense of every single voting Texan and non-voting Texan. If you own a home, you're paying taxes. If you're paying rent, you're paying taxes,

GG (36:28):

But you're saying commercial folks, they get the luxury of this

MA (36:32):

Absolutely yes.

GG (36:33):

And therefore, they're not paying their fair share.

MA (36:34):

Absolutely not.

GG (36:36):

Well, I guess we're gonna see if the pressure presents itself because this is something that would need to be fixed at the legislature. Right. And through the appeal process. I do think maybe perhaps after this is all done in September, November, whenever the appeals are done, we'll have you back and say, you know, what, what did you figure out from going through this process? And what were the pressure points for residential homeowners and commercial homeowners? You have always been very helpful. You mentioned it earlier, you know, we had a discussion about the letters that you sent out and we thought that they felt they were, they weren't clear that it was voluntary information and you absolutely worked with us and said, okay, well then tell me what language you wanna put in there. And you're, you made it to where it was clear to of the new homeowner, hey, this is voluntary. You don't have to submit it, but they still do. So. I wanna thank you for visiting with us today and for always being accessible. And we look forward to talking to you

MA (37:30):

Again, me too. Thank you for having me.

GG (37:35):

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Until next time!