

February 19, 2020

VIA Email and Hand Delivery

Travis County Appraisal District (TCAD) Board of Directors
8314 Cross Park Drive
Austin, TX 78754

RE: Chief Appraiser's Decision to not Reappraise Residential Properties for 2020

TCAD Board of Directors:

The signatories on this letter represent Travis County school districts concerned about the Chief Appraiser's recent decision regarding 2020 residential property appraisals.

On Wednesday, February 12, 2020 – one week ago – Chief Appraiser Marya Crigler invited nine Travis County school district officials to a meeting at which she notified the attendees that residential properties would not be reappraised for 2020. **This meeting was the first time Travis County school districts received any information about this decision.** There were no informal conversations, no stakeholder meetings, no request for input from TCAD. Other non-school district local taxing entities have not yet received any direct information from the Chief Appraiser.

It would not be an understatement to say that when we heard TCAD does not intend to reappraise residential property for 2020, we were shocked and dismayed by the late notice. The impact on Travis County local entities will vary, but it will be measurable on all and, for the school districts, will ultimately adversely affect students, teachers and staff.

The timing of this announcement on the eve of property estimates being mailed out is particularly concerning. From what we have learned in the last week, the Austin Board of Realtors (ABoR) has been communicating with the Chief Appraiser for years with concerns about the use of MLS data. Even worse, the cease and desist from ABoR was sent to the Chief Appraiser in May 2019 – nine months before last week's meeting with school districts. What happened in those nine months and why are the local entities only now learning of this dispute between TCAD and ABoR? For local taxing entities to not have time to analyze this decision and plan for the negative consequences is troubling.

From a revenue perspective, this decision is very concerning. There was no indication that this dispute would affect Travis County local entities until last week's announcement, even though apparently TCAD has known of its implications since at least last May. All of this is out of our control, which now necessitates emergency budget decisions.

Statewide, school districts continue to sort out the complexities of recently-passed House Bill 3 (HB 3). The impact of the Chief Appraiser's decision further compounds the repercussions for Travis County school districts, including:

- HB 3 provides for automatic compression of Maintenance and Operations (M&O) tax rates. Most school districts in Travis County would have had compressions of approximately \$0.05 or more. Now, Travis County school districts will see compression of the state minimum, by approximately \$0.01.

- **All school districts will collect less revenue for debt service than anticipated;** the initially calculated amounts range from \$100K to more than \$10M depending on the district.
- **All school districts will have less M&O funds than projected because of the unassessed value of their golden pennies.** Less operating funds means staffing reductions and budget cuts.
- Some school districts will lose more funds than others because the lower assessed values will cause them to forfeit HB 3 transition funds, for which they otherwise would have qualified. The Chief Appraiser's decision disqualifies such districts from receiving these crucial funds.
- The school districts that split counties will now operate under two different appraisal systems; the impact on such districts under HB 3 is unclear, but certainly not positive.

We have one basic question that needs an answer – where in state statute does the Chief Appraiser have the unilateral authority to freeze appraisals from one year to the next, thus arbitrarily assigning the growth, with no legal basis to support the values for the new year?

In future tax cycles, perhaps there will be opportunity to pursue a legislative change requiring sales price disclosure, or otherwise providing guidance to Chief Appraisers in proceeding in the absence of MLS data.

However, for the 2020 cycle, we see several possible remedies:

1. TCAD and ABoR come to an agreement, allowing MLS data to be used for 2020.
2. The Chief Appraiser pursues other ways to collect data, to ensure that 2020 appraised values are accurate and can be verified, as required by law.
3. Require the Texas Comptroller to share data that will be used for Property Value Study.
4. Local taxing entities pursue legal options to compel TCAD to appraise residential properties appropriately and accurately, as required by law.

Let us be clear - this decision will have financial impacts beyond 2020. Parents, community members, and business owners in our jurisdictions will suffer clear damages from the Chief Appraiser's decision. This impasse between TCAD and ABoR will blunt the ability of some taxing jurisdictions, including small cities, to issue debt and meet budget estimates. Many will be required to cut budgeted expenses and staff. **Most likely all taxing jurisdictions will be required to increase their tax rates above what would have been necessary with updated appraisals – certainly above what the 86th Legislature intended.**

Most entities will never be able to regain the revenues they lose based upon this decision.

If this situation is not quickly resolved, we will have to consider any and all available legal options to best preserve and protect our taxable base.

Thank you for your prompt attention to this very pressing matter.

Dripping Springs ISD

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