

# KLEBERG COUNTY APPRAISAL DISTRICT

## 2016 ANNUAL REPORT

### Introduction

The Kleberg County Central Appraisal District “KCAD” is a political subdivision of the State of Texas created by the Texas Legislature in 1979. The operations of the district are governed by the Constitution of the State of Texas, the Texas Property Tax Code, and the rules of Texas Comptroller’s Property Tax Assistance Division.

KCAD is responsible for the appraisal of all property in Kleberg County for ad valorem purposes and the administration of all local option and State mandated property tax exemptions.

### Mission

The mission of the Kleberg County Central Appraisal District is to discover, list and appraise all property located within the boundaries of the district in an accurate, ethical and impartial manner in an effort to estimate the market value of each property and achieve uniformity and equity. This will be accomplished by maintaining the highest standards in appraisal practices and law by developing personnel who are professional and knowledgeable and operate under the standards of:

- The Property Tax Assistance Division of the Texas Comptroller’s Office (PTAD)
- The International Association of Assessing Officers (IAAO)
- The Uniform Standards of Professional Appraisal Practice (USPAP)

### Governance

The Appraisal District operations are governed by the Board of Directors whose members are elected by the voting taxing units every two years. The following is a nonexclusive list of the primary duties of the board of directors under the Tax Code:

- Establish the appraisal district office
- Hire a chief appraiser;
- Adopt the CAD’s annual operating budget before Sept. 15 after fulfilling notice requirements and holding a public hearing;
- Adopt a new budget within 30 days after a budget is disapproved by voting taxing units;
- Appoint appraisal review board (ARB) members in counties with a population of less than 120,000;
- Select a chairman and a secretary from among ARB members;

- Notify taxing units of any vacancy on the board and elect by majority vote of members one of the submitted nominees;
- Elect from members a chair and secretary at the first meeting of the calendar year;
- Have board meetings at least once each calendar quarter;
- Develop and implement policies regarding reasonable access to the board;
- Prepare information describing the board's functions and complaint procedures; the information must be made available to the public and the appropriate taxing units
- Notify parties to a complaint filed with the board of the status of the complaint unless otherwise provided;
- Appoint a taxpayer liaison officer (in counties having a population of over 120,000);
- Biennially develop a written plan for the periodic reappraisal of all property in the CAD's boundaries, hold a public hearing with the required notice, approve a plan by Sept. 15 of each even-numbered year and distribute copies to participating taxing units and to the Comptroller's office as required;
- Make an agreement with newly formed taxing unit's governing body on an estimated budget allocation for the new taxing unit;
- Have prepared an annual financial audit conducted by an independent certified public accountant and deliver a copy of the audit to each voting taxing unit and make available for inspection at the CAD office;
- Designate the CAD depository at least once every two years;
- Receive taxing units' resolutions disapproving board actions;
- Adhere to requirements regarding purchasing and contracting under Local Government Code Chapter 252;
- Provide advice and consent to the chief appraiser concerning the appointment of an agricultural appraisal advisory board and determine the number of members on that advisory board;
- Adhere to laws concerning the preservation, microfilming, destruction or other disposition of records; and
- Adopt and implement a policy for the temporary replacement of an ARB member who violates ex-parte communication requirements.

### **Statutory Authority**

Tax Code Chapter 6 contains much of the statutory authority for board of directors. The following is a non-exclusive list of boards' authority:

- Provide for the operation of a consolidated CAD by interlocal contract between two or more adjoining CADs;
- Change the number of directors or method of selecting directors, or both, unless any of the voting taxing units oppose the change;
- Have board meetings at any time at the call of the chair or as provided by board rule;
- Contract with another CAD or with a taxing unit in the CAD to perform the duties of the appraisal district office;
- Prescribe, by resolution, specified actions of the chief appraiser relating to CAD finances or administration that are subject to board approval;
- Employ a general counsel to the CAD to serve at the will of the board;

- Purchase or lease real property and construct improvements necessary to establish and operate an appraisal district office or branch office;
- Convey real property owned by the CAD;
- Amend the approved operating budget after giving notice to participating taxing units not later than the 30th day before the date the board acts on the proposed amendment;
- Authorize the chief appraiser to disburse CAD funds;
- Change the CAD's method of financing unless any participating taxing unit opposes the change;
- Contract with the governing body of a taxing unit or county to assess and collect taxes through the Interlocal Cooperation Act;
- Change the number of ARB members; and
- Appoint auxiliary ARB members and select the number of auxiliary members by resolution, except in certain counties.

The Tax Code also provides certain statutory authority to the board of directors outside of Chapter 6, including authorizing a board of directors to approve the chief appraiser to contract with private appraisal firms to perform appraisal services under Tax Code Section 25.01(b). On written approval of the board of directors, a chief appraiser is entitled to appeal certain ARB orders to district court as provided by Tax Code Section 42.02.

**Eligibility:**

To be eligible to serve on a board of directors, an individual must be a resident of the CAD and must have resided in the CAD for at least two years immediately preceding the date of taking office. This residency requirement does not apply to a county TAC serving as a nonvoting director.

An employee of a taxing unit that participates in the CAD is not eligible to serve on the board of directors, unless that individual also is a member of the governing body of the taxing unit or an elected official of a taxing unit. Membership on the governing body of a taxing unit does not make an otherwise eligible individual ineligible to serve on the board of directors.

Owing delinquent property taxes disqualifies a person from serving on the CAD board of directors. The person is ineligible if he or she owns property on which delinquent property taxes have been owed for more than 60 days after the date the person knew or should have known of the delinquency. This disqualification does not apply if the person is paying the delinquent taxes and any penalties and interest under an installment payment agreement or has deferred or abated a suit to collect the delinquent taxes.

A person who has appraised property for compensation for use in proceedings or represented property owners for compensation in proceedings in the CAD at any time within the preceding five years is ineligible to serve on the board of directors.

A person is ineligible to serve on the board if the individual is related within the second degree of consanguinity (blood) or affinity (marriage) to the following:

- an appraiser who appraises property for use in a proceeding under the Property Tax Code;  
or
- a person who represents property owners for compensation in proceedings under the Property Tax Code in the CAD.

A director who continues to hold office knowing he or she is related in this manner to the above named persons commits a Class B misdemeanor offense.

An individual is not eligible to be appointed to or to serve on the board of directors if an individual has a substantial interest in a business entity that is party to a contract or the individual is a party to a contract with the CAD. This prohibition also applies to contracts with a taxing unit that participates in the CAD if the contract relates to the performance of an activity governed by the Property Tax Code. A CAD may not enter into a contract with a board member or with a business entity in which a member of the board has a substantial interest. A taxing unit may not enter into a contract relating to the performance of an activity governed by the Property Tax Code with a board member in which the taxing unit participates or with a business entity in which a board member has a substantial interest.

An individual has “substantial interest” in a business entity if :

- the combined ownership of the director and the director’s spouse is at least 10 percent of the voting stock or shares of the business entity; or
- the director or director’s spouse is a partner, limited partner or officer of the business entity.

**Term of Office and Vacancy:**

CAD directors serve two-year terms. Each term begins on Jan. 1 of an even-numbered year. The two-year term of office does not apply to the county TAC who serves as a nonvoting director.

Board members may not receive compensation for service on the board but are entitled to reimbursement for actual and necessary expenses incurred in the performance of their duties. This reimbursement is as provided by the budget adopted the board of directors.

### **Limited Appraisal Authority:**

The board's appraisal authority is limited. The board does not appraise property or review values on individual properties. The law assigns these tasks to the chief appraiser and the ARB, respectively. The board of directors does have the authority to give written approval for a chief appraiser to appeal certain ARB orders in court.

The board has authority over appraisal policy through the following duties and authority:

- duty to develop biennially a written plan for periodic reappraisal;
- duty to adopt an operating budget to reflect the board's decisions on handling appraisals;
- authority to contract with another CAD or with a taxing unit in the CAD to perform the duties of the appraisal district's office; and
- authority to approve the chief appraiser to contract with private appraisal firms to perform appraisal services.

### **Meetings:**

At the board of directors' first meeting each calendar year, the board must elect from its members a chairman and a secretary. A nonvoting TAC may serve as chairman or secretary. A majority of the CAD board of directors constitutes a quorum. A Tax Assessor Collector who is a nonvoting member is counted in determining the presence of a quorum.

The board may meet at any time at the call of the chairman. Kleberg County Appraisal District's Board of Directors has determined by board rule that they may have a scheduled monthly meeting on every 2<sup>nd</sup> Thursday at 3:00 p.m. They have also determined by board rule that they reserve the right to reschedule the meeting at their discretion. The board rule also provides that the board must meet at least once each calendar quarter.

The board must provide reasonable time at meetings for public comment on CAD and ARB policies and procedures.

### **Required Policies**

State law requires the board to have written policies on specific issues. The board must:

- develop and implement policies that provide the public with reasonable opportunity to appear before the board to speak on any issue under the board's jurisdiction;

- prepare and maintain a written plan that describes how a non-English speaking person or a person who has a physical, mental, or developmental disability may be provided reasonable access to the board; and
- prepare information of public interest describing the board's functions and procedures to file complaints and how complaints are resolved by the board.

The board must biennially develop a written reappraisal plan for the periodic reappraisal of all property in the CAD's boundaries by Sept. 15 of each even-numbered year. The plan is required to comply with Tax Code Section 25.18. Certain activities are required to be conducted in the reappraisal of all real and personal property located in the CAD at least once every three years. In summary, those activities are the following:

- identifying properties by physical inspection or other reliable means of identification (such as deeds or other legal documentation, aerial or land-based photographs, surveys, maps, and sketches);
- identifying and updating property characteristics;
- defining market areas;
- identifying property characteristics affecting value in market areas (such as location and market area of property, physical attributes of property, legal and economic attributes, and legal restrictions);
- developing an appraisal model that reflects the relationship among property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
- applying the conclusions from the model to the characteristics of individual properties; and
- reviewing the appraisal results to determine value.

Tax Code Section 23.01(b) provides that if a CAD determines the appraised value of a property using mass appraisal standards, those standards must comply with the Uniform Standards of Professional Appraisal Practice.

The board of directors must hold a public hearing to consider the proposed plan and provide written notice to each participating taxing unit of the hearing not later than 10th day before the hearing. After holding the public hearing and approving a plan by Sept. 15 of each even-numbered year, the board must distribute copies of the plan to the participating taxing units and to the Comptroller within 60 days of the approval date.

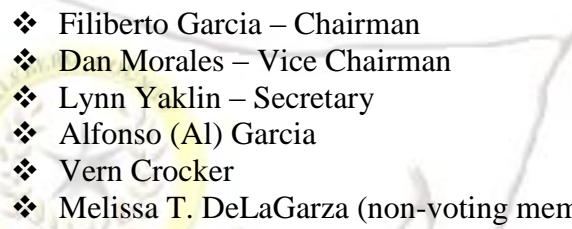
The board of directors may include language in the reappraisal plan to give the chief appraiser discretion to make limited changes, especially as they relate to the work plan or schedule of appraisal activities, without the need for additional board approval or plan amendment. This limited authority would allow the chief appraiser to make timeline adjustments to meet staffing needs or to address other management issues.



If the plan requires revision because of staff reductions, changes in market areas, unexpected circumstances, or any other reason deemed appropriate by the board of directors, it may be amended by official action, without the board of directors conducting another public hearing. Copies of the amended reappraisal plan should be distributed to the participating taxing units and the Comptroller's office.

A CAD board of directors also must adopt and implement a policy for the temporary replacement of an ARB member who has communicated with another person in violation of ex parte communication provisions. An ARB member may not communicate with another person concerning the evidence, argument, facts, merits or any other matters related to an owner's protest, except during the hearing on the protest. An ARB member also may not communicate with another person concerning a property that is the subject of the protest, except during a hearing on another protest or other proceeding before the board at which the property is compared to other property or used in a sample of properties.

2015-2016 Board of Directors include:

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- ❖ Filiberto Garcia – Chairman
  - ❖ Dan Morales – Vice Chairman
  - ❖ Lynn Yaklin – Secretary
  - ❖ Alfonso (Al) Garcia
  - ❖ Vern Crocker
  - ❖ Melissa T. DeLaGarza (non-voting member)

### **Appointing the Chief Appraiser**

The chief appraiser is the chief administrator of the CAD. The chief appraiser is generally appointed by and serves at the pleasure of the CAD board of directors; however, the Comptroller's office may appoint a chief appraiser in certain circumstances. If a taxing unit performs the duties of the CAD pursuant to a contract, the assessor for the taxing unit is the chief appraiser.

### **Qualifications**

To be eligible to serve as a chief appraiser, a person must hold one of the following professional designations:

- Registered Professional Appraiser (RPA) from the Texas Department of Licensing and Regulation (TDLR);
- MAI from the Appraisal Institute;
- Assessment Administration Specialist from the International Association of Assessing Officers (IAAO); • Certified Assessment Evaluator from IAAO; **or**
- Residential Evaluation Specialist from IAAO.

A chief appraiser with a professional designation other than an RPA, must become certified with TDLR as an RPA within five years of appointment as chief appraiser.

In counties with a population of 100,000 or less, a chief appraiser who is not eligible to serve, but is classified as a Class III appraiser with TDLR, may continue to serve as chief appraiser until Jan. 1, 2016.

A person may not serve as a chief appraiser unless the person has completed the chief appraiser training program prescribed by Occupations Code Section 1151.164. This does not apply to a county TAC who serves as a chief appraiser. It applies only to a chief appraiser appointed on or after July 1, 2006. A person may serve in a temporary, provisional or interim capacity as chief appraiser for up to one year without completing this training.

Owing delinquent property taxes disqualifies a person from serving as chief appraiser. A person is ineligible for employment as a chief appraiser if he or she owns property on which delinquent property taxes have been owed for more than 60 days after the date the person knew or should have known of the delinquency. This disqualification does not apply if the person is paying the delinquent taxes and any penalties and interest under an installment payment agreement or has deferred or abated a suit to collect the delinquent taxes.

A person is also disqualified from employment as the chief appraiser if the person is related within the second degree by consanguinity or affinity to a person who appraises property for compensation for use in proceedings under the Tax Code or to a person who represents property owners for compensation in such proceedings in the CAD. A chief appraiser who remains employed knowing he or she is related to an appraiser or tax representative as prohibited commits a Class B misdemeanor offense.

A chief appraiser who is not eligible to serve cannot perform any action required by law for chief appraisers, including the preparation, certification or submission of any part of the appraisal roll. A chief appraiser must give written notice of eligibility to serve as chief appraiser to the Comptroller's office no later than Jan. 1 each year.<sup>183</sup> The Comptroller's office will appoint an eligible person to perform the duties of chief appraiser for a CAD whose chief appraiser is ineligible to serve.

### **Duties and Authority**

The CAD board of directors by resolution may prescribe that specified actions of the chief appraiser relating to the finances or administration of the CAD are subject to board approval. The chief appraiser may employ and compensate professional, clerical, and other personnel as provided by the CAD budget, with the exception of a general counsel to the CAD. The chief appraiser may delegate authority to his or her employees. The chief appraiser's primary duty is to discover, list, review and appraise all taxable property in the CAD using generally accepted appraisal techniques.



## **Compensation**

The chief appraiser is entitled to compensation as provided by the budget adopted by the board of directors. The chief appraiser's compensation may not be directly or indirectly linked to an increase in the total market, appraised or taxable value of property in the CAD.

## **Conflicts of Interest**

The chief appraiser is an officer of the CAD for purposes of the nepotism law in Government Code Chapter 573. A CAD may not employ or contract with an individual or the spouse of an individual who is related to the chief appraiser within the first degree by consanguinity or affinity, as determined under Government Code Chapter 573.

An appraisal performed by a chief appraiser in a private capacity or by an individual related within the second degree by consanguinity or affinity (as determined under Government Code Chapter 573) to the chief appraiser may not be used as evidence in a protest or challenge under Tax Code Chapter 41 or an appeal under Tax Code Chapter 42 concerning property that is taxable in the CAD in which the chief appraiser is employed.

A chief appraiser commits a Class B misdemeanor offense if the chief appraiser refers a person, whether gratuitously or for compensation, to another person for the purpose of obtaining a property appraisal, whether or not the appraisal is for ad valorem tax purposes.

## **Ex Parte Communications**

A chief appraiser commits a Class C misdemeanor offense if the chief appraiser directly or indirectly communicates with a member of the board of directors on any matter relating to the appraisal of property by the CAD. This type of communication is allowed in:

- an open meeting of the board of directors or another public forum; or
- a closed meeting of the board of directors held to consult with the board's attorney about pending litigation, at which the chief appraiser's presence is necessary for full communication between the board and the board's attorney.

These ex parte communication provisions do not include a routine communication between the chief appraiser and the county TAC relating to the administration of an appraisal roll. This applies regardless of whether the county TAC is a nonvoting member of board of directors or was appointed.

**The chief appraiser has authority and duties including, but not limited to, the following:**

**Appraisal**

- Appraise all taxable property at market value, except as otherwise provided by law (Chapter 23)
- Determine eligibility for special appraisal and establish both a market and special value on qualified property (Chapter 23)
- Determine whether property qualified for agricultural or timber appraisal has undergone a change of use and send a notice of change of use to the owner (Chapter 23)
- Determine exemption eligibility (Section 11.45)
- Create procedures for equitable and uniform taxation of inventory (Section 23.12(b))
- Administration of rendition laws Chapter 22 Create appraisal records (Section 25.01(a) and Comptroller Rule 9.3004)
- Contract, with the approval of the board of directors, with private appraisal firms, if appropriate (Section 25.01(b))
- Certify appraisal roll and other listings to each taxing unit participating in the appraisal district (Section 26.01)
- Send notices of appraised value (Section 25.19)
- Discover omitted property and adjust the appraisal roll (Section 25.21)

**ARB**

- Submit complete appraisal records of all property to the ARB (Section 25.22)
- Present supplemental records and other items for ARB consideration (Section 25.23)
- Correct records and make reappraisals as ordered by the ARB (Section 41)

**CAD Administration**

- Prepare the appraisal district budget (Section 6.06(a))
- Give notice of public hearing on the appraisal district budget (Section 6.062)
- Appoint agricultural advisory board, with the advice and consent of the board of directors (Section 6.12(a))
- Certify a list by June 15 of all eligible conservation and reclamation districts that are imposing taxes and that participate in the appraisal district on the chief appraiser's receipt of a request by a district to nominate and vote on the board of directors (Section 6.03(c))
- Calculate the number of votes each taxing unit has in appointing the board of directors and provide notice as required (Section 6.03(e) and (f))
- Create the ballot with the candidates for the board of directors, counting the votes, declaring the winners and resolving any ties (Section 6.03(h), (i), (j), (k) and (l))
- Act as the appraisal district's public information officer (Gov't Code Section 552.201)
- Issue permits for going out of business sales and send notices of such sales to other entities Business & Commerce Code (Sections 17.835 and 17.84)

- Serve as the chief administrator of the appraisal district with responsibility to employ and compensate professional, clerical and other personnel as provided by the budget except for a general counsel to the appraisal district (Section 6.05(c) and (d))
- Notify voting taxing units of any proposed property transactions (Section 6.051(b))
- Proportionally credit excess amounts to the following fiscal year if payments by taxing units to the appraisal district budget exceed the amount actually spent or obligated to be spent during the fiscal year. If a taxing unit has paid its allocated amount but is not allocated part of the appraisal district budget for the following fiscal year, the chief appraiser must refund the proportionate share of the excess funds not later than the 150th day after the end of the fiscal year that payments were made (Section 6.06(j))
- Determine whether a sufficient number of eligible taxing units have valid resolutions when a change in the appraisal district financing method has been proposed and notify each taxing unit of each change that is adopted (Section 6.061(d))
- Publicize certain Tax Code provisions to residents, including, but not limited to, the availability of agreement forms for electronic communication; the availability of exemption applications; rendering requirements; special appraisal of agricultural land, open space, timber land and restricted-use timberland; the deferred collection of taxes on residence homestead of elderly or disabled person; deferred collection of taxes on appreciating residence homestead; and the right to protest (Sections 1.085, 11.44, 22.21, 23.43, 23.54, 23.75, 23.9804, 33.06, 33.065 and 41.41)
- Produce requested materials in the form and manner prescribed by the Comptroller's office (Section 5.16(b))

#### Other Duties

- Duties required by contract; and
- Legal responsibilities or duties assigned by the board of directors.

### **Appraisal Review Board**

The appraisal district board of directors appoints ARB members. The directors provide the budget for appraisal review board operations as authorized by statute, but they have no authority over how the ARB conducts its business and, in fact, are prohibited from communicating with the ARB concerning matters that could be the subject of hearings. The ARB is a board of citizens that hears taxpayer protests and taxing unit challenges, corrects clerical errors in the appraisal records and appraisal rolls, acts on motions to correct the appraisal roll, determines whether exemptions and special valuations were improperly granted and takes any other action or makes any other determination as authorized or required under the Tax Code. Although an appraisal district provides staff to the ARB for clerical assistance, the ARB maintains an independence from the board of directors and appraisal district staff, including the chief appraiser.

## **ARB Member Eligibility**

To be eligible to serve on the ARB, an individual must be a CAD resident and must have resided in the CAD for at least two years.

A person who has served for all or part of three consecutive terms is ineligible to serve on the ARB during a term that begins on the next Jan. 1 following the third of those consecutive terms.

A person may not serve on an ARB if he or she owns property on which delinquent property taxes have been owed for more than 60 days after the date the person knew or should have known of the delinquency. This restriction does not apply if the person is paying the delinquent taxes and any penalty and interest under an installment payment agreement or has deferred or abated a suit to collect delinquent taxes.

## **Conflict of Interest**

An individual is not eligible to serve on an ARB if the individual is related within the second degree by consanguinity or affinity to an individual who is engaged in the business of appraising property for compensation for use in proceedings under the Tax Code or to an individual who represents property owners for compensation in proceedings under the Tax Code in the CAD for which the ARB is established. An ARB member commits a Class B misdemeanor offense if the ARB member continues to hold office knowing of a violation.

A person is ineligible to serve on an ARB if the individual is related within the third degree of consanguinity or within the second degree of affinity to a member of the CAD board of directors. A person is also ineligible to serve on the ARB if the person is a CAD director, a CAD officer or employee, a Comptroller employee or a member of the governing body, officer or employee of a taxing unit.

Additional information regarding conflicts of interest for ARB members, including Tax Code Section 41.69, may be found in the *Appraisal Review Board Manual* published by the Comptroller's office.

A person is not eligible to be appointed or to serve on an ARB if the individual contracts with the CAD or a taxing unit that participates in the CAD. A person who has a substantial interest in a business that has either type of contract is also barred. Substantial interest is defined as either of the following: combined ownership of the individual and the individual's spouse is at least 10 percent of the voting stock or shares of the business, or the individual or the individual's spouse is a partner, limited partner or officer in the business entity.

A CAD and a taxing unit participating in that CAD may not enter into a contract with a current member of the ARB established for that CAD or with a business entity in which an ARB member has a substantial interest.

## **Term of Office**

The ARB consists of five members. Directors who appoint ARB members do so by resolution passed by a majority of the CAD board of directors. A vacancy on the ARB is filled in the same manner for the unexpired portion of the term. ARB members serve two-year terms beginning Jan. 1. The board of directors by resolution must provide for staggered terms so that the terms of approximately half the ARB members expire each year. In making the initial appointments, the board of directors must designate those members who serve terms of one year. A person who has served for all or part of three consecutive terms as an ARB member is ineligible to serve on the appraisal review board during a term that begins on the next January 1 following the third of those consecutive terms. When a previous member has been out of the ARB for one full term after completing three consecutive terms, they are eligible to be reappointed.

## **Temporary ARB Members**

The CAD board of directors adopts and implements a policy for the temporary replacement of an ARB member. A temporary ARB member replaces an ARB member who may not participate in a protest hearing because that ARB member communicated with another person(s) about a protest outside an ARB hearing in violation of Tax Code Section 41.66(f).

## **Oath of office**

Newly appointed and reappointed ARB members must sign a statement and take an oath of office before beginning a term. Jan. 1 of the year in which the term begins is the earliest date the oath may be administered. ARB members must be properly sworn before taking any official action. After the ARB member signs the required statement and takes the oath of office, he or she files the statement with the appraisal district office. The Secretary of State's Statutory Documents Division provides forms for this purpose online at [www.sos.state.tx.us/statdoc/statforms.shtml#AUF](http://www.sos.state.tx.us/statdoc/statforms.shtml#AUF).

## **Pay and training for ARB members**

When setting its budget, the appraisal district board of directors must include amounts for appraisal review board per diem payments and expense reimbursements. Specifically, ARB members (not auxiliary members) are entitled to be paid by the day (per diem) for each day the board meets. Kleberg County Appraisal District pays the ARB \$50 per ½ day and \$100 for a full day. They are also entitled to reimbursement of actual and necessary expenses incurred in the performance of their official duties.

The Comptroller's office must approve curricula, provide materials and supervise the training of ARB members. ARB members are not allowed to participate in hearings until they complete the Comptroller's training course and a statement agreeing to comply with Tax Code requirements during hearings. A new ARB member appointed after a course offering may continue to serve until the completion of a subsequent course offering. During the second year of an ARB member's term, the ARB member must complete the Comptroller's continuing education training course and complete a statement agreeing to comply with Tax Code requirements during hearings. An ARB



member who fails to timely complete the course is not eligible to participate in hearings, vote on a determinations of protest or be reappointed to an additional term. ARB members must complete the Comptroller's continuing education training course and complete a statement agreeing to comply with Tax Code requirements in each year they serve. The CAD board provides for budgeting of ARB training as part of the CAD's annual budget. The Comptroller's office may assess a fee, not to exceed \$50 per ARB member, to recover a portion of the costs incurred for the training course. Except during a hearing or other ARB proceeding, a member of the CAD board of directors for which the ARB is established, along with other specified individuals, may not communicate with an ARB member about these training courses or any matter presented or discussed during the courses. The Comptroller's office maintains a toll-free telephone number that ARB members may call for answers to technical questions relating to ARB duties and appraisal issues, the model ARB procedures; and the ARB survey provided to taxpayers. The Comptroller's office may also communicate with the ARB chairman concerning complaints filed against the ARB. The toll-free number for ARB members is 1-800-252-7551.

The Comptroller's new member training and continuing education cannot be provided by an appraisal district, the chief appraiser or other appraisal district staff, a member of the board of directors, ARB board member, or a taxing unit. However, the ARB is allowed to retain a certified appraiser certified by the Texas Appraiser Licensing and Certification Board to instruct ARB members on valuation methods if the appraisal district budgets for it. An ARB may consider, based on legal advice, training itself concerning procedural and administrative matters, so long as the training does not include appraisal and legal issues addressed in the Comptroller's training courses.

The Tax Code provides that certain communication about the training course is prohibited. Except during a hearing or other ARB proceeding, the following persons cannot communicate with the ARB regarding the Comptroller's training course or any matter presented or discussed during the course:

- the chief appraiser;
- other appraisal district employees;
- a director of the appraisal district;
- an officer or employee of a taxing unit served by the appraisal district; and
- an attorney who represents (or whose firm represents) the appraisal district or taxing unit.

ARB members are aware of laws that require mandatory training for public officials on the Texas Open Meetings Act and Public Information Act. The laws require at least two hours of open government training, consisting of a one-hour educational course on the Open Meetings Act and one-hour educational course on the Texas Public Information Act from the Office of the Attorney General.

The Open Meetings Act training requirement applies to all elected or appointed officials who routinely participate in meetings subject to that law as part of their regular duties including ARB members. The Public Information Act training requirement applies to elected or appointed officials who respond to public information requests. ARB members have **90 days** to complete the required training and need take the course only once. The Office of the Attorney General (OAG) provides free training for all public officials through both online and video courses available for viewing on their website at [www.oag.state.tx.us/opinopen/og\\_training.shtml#11](http://www.oag.state.tx.us/opinopen/og_training.shtml#11). Officials may obtain a DVD copy of the training courses by calling the OAG's Public Information and Assistance line at 1-800-252-8011.



## **ARB officers**

The board of directors of the appraisal district, by resolution, selects a chairman and a secretary from among the ARB members. If possible, the board of directors of the appraisal district should appoint a chairman of the ARB who has a background in law and property appraisal. Kleberg County Appraisal District's board of directors selected the ARB chairman and ARB secretary on Resolution # BOD- 3-2016 in March of 2016. The ARB chairman appointment was Betty Haass and the ARB secretary appointment was Juan Soliz.

The ARB presiding officer has responsibility for ensuring that hearings are conducted properly and procedures are followed. The secretary sends required notices, ensure that meetings are posted and keep official minutes or tapes of ARB proceedings. While the law only requires the selection of a presiding officer and a secretary, the ARB may determine that other officers are needed in order to conduct its business. If so, the officers should be designated in ARB rules or procedures. The ARB for Kleberg County determined the need for a Vice Chairman. The ARB voted Miguel H. Barbour for the Vice Chairman position for the 2016 year.

The ARB may meet at any time at the call of the presiding officer or as provided by ARB rules or procedures. The ARB must meet to examine the appraisal records within 10 days after the date the chief appraiser submits appraisal records to it.

The ARB must establish its procedures for hearings. The Comptroller's office has developed model hearing procedures that the ARB is required to follow when developing its hearing procedures. The ARB has incorporated the Comptroller's model in its procedures for 2016.

## **2016 Appraisal Review Board Members include:**

- ❖ Betty Haass – Chairman
- ❖ Miguel H. Barbour – Vice Chairman
- ❖ Juan Soliz – Secretary
- ❖ Mary Lou Gonzalez
- ❖ Rhonda Remmers
- ❖ Tamara Brennan – Temporary Replacement

## **Personnel**

A CAD may provide clerical assistance to the ARB, including assisting the ARB with the scheduling and arranging of hearings.

The ARB may employ legal counsel as provided by the CAD budget or use the services of the county attorney. An attorney may not serve as ARB legal counsel if within the last year the attorney or a member of the attorney's law firm represented an owner of property in the CAD, a participating taxing unit, or the CAD in certain matters. The prohibition on representing a participating taxing unit or CAD does not apply to a county attorney or an assistant to the county

attorney. A CAD may specify in its budget whether the ARB may employ legal counsel or must use the services of the county attorney. A CAD may not require the ARB to employ a specific attorney. If the budget authorizes an ARB attorney, the budget must provide for reasonable compensation. ARB attorneys may not act as advocates in a hearing or proceeding conducted by the ARB; may provide advice to the ARB during a hearing or proceeding; and are required to make certain disclosures regarding relevant legal authority in the controlling jurisdiction known to the attorney and not disclosed by the parties and regarding a material fact that may assist the ARB in making an informed decision regardless of whether the fact is adverse to the position of a party. The Appraisal Review Board worked with Judith Hargrove of Evans and Hargrove LLP, Attorneys at Law for the 2016 year. An ARB may retain an appraiser certified by the Texas Appraiser Licensing and Certification Board to instruct ARB members on valuation methodology if the CAD provides for the instruction in the CAD budget.

### **Ex Parte Communications with an ARB Member**

An ARB member commits a Class A misdemeanor offense if the member communicates with the chief appraiser, CAD employee or a member of the CAD board of directors for which the ARB is established in violation of Tax Code Section 41.66(f).

A chief appraiser or another CAD employee, a member of a board of directors, a property tax consultant or attorney representing a party to an ARB proceeding commits a Class A misdemeanor offense if the person communicates with a ARB member established for the CAD with the intent to influence a decision by an ARB member in the member's capacity as an ARB member.

These ex parte communication provisions do not apply to communications between an ARB and its legal counsel. The provisions also do not apply to communications between an ARB member and the chief appraiser, a CAD employee, a member of the board of directors, a property tax consultant or an attorney representing a party to a proceeding before the ARB:

1. during a protest hearing or other ARB proceeding;
2. that constitute social conversation;
3. that are specifically limited to and involve administrative, clerical or logistical matters related to the scheduling and operation of hearings, the processing of documents, the issuance of orders, notices and subpoenas and the operation, appointment, composition or attendance at training of the ARB; or
4. that are necessary and appropriate to enable the CAD board of directors to determine whether to appoint, reappoint or remove a person as an ARB member, chairman or secretary.

### **ARB Member Removal**

A member may be removed from the ARB by a majority vote of the board of directors or by the local administrative district court judge or the judge's designee. Grounds for removal include a violation of:

- Tax Code Section 6.412 (restrictions on eligibility of ARB member);
- Tax Code Section 6.413 (interest in certain contracts prohibited);

- Tax Code Section 41.66(f) (communication outside a hearing or proceeding); or
- Tax Code Section 41.69 (conflict of interest in taxpayer protest).

An ARB member may also be removed for good cause relating to failure to attend ARB meetings or for clear and convincing evidence of repeated bias or misconduct.

### **Agricultural Advisory Board**

The Agricultural Advisory Board is a five member board appointed by the Chief Appraiser with the advice and consent of the Board of Directors. Responsibility of the Agricultural Advisory Board is to advise the Chief Appraiser on the valuation and use of land that may be designated for open-space agricultural valuation within the district’s boundaries and to assist in determining typical practices and standards used in various farming operations. The board serves at the will of the Chief Appraiser. The agricultural advisory board members must be landowners of the district whose land qualifies for appraisal under Subchapter C, D, E, or H, Chapter 23 and who have been residents of the district for at least five years. Members of the board serve for staggered terms of two years. In making the initial appointments of members of the agricultural advisory board the chief appraiser shall appoint for a term of one year one-half of the members, or if the number of members is an odd number, one fewer than a majority of the membership. The board shall meet at the call of the chief appraiser at least once a year. An employee or officer of an appraisal district may not be appointed and may not serve as a member of the agricultural advisory board. A member of the agricultural advisory board is not entitled to compensation.

### **2016 Agricultural Advisory Board members include:**

- ❖ Angel R. Gonzalez, Jr.
- ❖ Michael Yeary
- ❖ Jeff Jorganson
- ❖ Jack Brown
- ❖ Victor Saenz
- ❖ Forrest S. Smith

Kleberg County Appraisal District is responsible for appraising all properties for each of the following Taxing Jurisdictions that are within the boundaries of Kleberg County:

<b><u>Taxing Unit</u></b>	<b><u>Market Value</u></b> <i>(Before Exemptions)</i>	<b><u>Net Taxable</u></b> <i>(After Exemptions)</i>
▪ Kleberg County	2,044,758,675	1,425,469,322
▪ City of Kingsville	890,855,637	789,457,160
▪ South Texas Water Authority	1,290,498,916	1,405,804,845
▪ Kingsville I.S.D.	1,041,830,232	810,174,234
▪ Ricardo I.S.D.	248,661,872	144,177,455
▪ Riviera I.S.D.	503,300,880	222,871,545
▪ Santa Gertrudis I.S.D.	250,965,426	130,024,986
▪ Kenedy County Ground Water	555,430,143	197,872,103

**Property Types Appraised**

For 2016 the Kleberg County Appraisal District has approximately 36,651 parcels. The following is a summary of those parcels:

<u>Classification</u>	<u>Property Type</u>	<u>Acct# Count</u>	<u>Market Value</u>
A	Single Family Residence	8,350	\$583,677,265
B	Multifamily Residence	242	\$ 88,350,095
C1	Vacant Lots and Land Tracts	1,808	\$ 24,891,677
C2	Colonia Lots and Land Tracts	2	\$ 99,770
D1	Qualified Open Space "Ag" Land	2,298	\$538,244,700
D2	Improvements on Qualified Open "Ag" Space Land	352	\$ 3,014,441
E	Rural Land, Non Qualified Open Space Land	1,930	\$ 139,006,197
F1	Commercial Real Property	878	\$134,739,942
F2	Industrial Real Property	27	\$ 3,365,450
G1	Oil and Gas	4,725	\$ 84,048,530
J1	Water Systems	2	\$ 30,130
J2	Gas Distribution System	9	\$ 2,112,550
J3	Electric Company	28	\$ 64,041,650
J4	Telephone Company	68	\$ 10,863,280
J5	Railroad	6	\$ 13,058,010
J6	Pipeline Company	179	\$ 81,395,230
J7	Cable television Company	15	\$ 1,003,110
J8	Other Type of Utility	18	\$ 216,800
M1	Mobile Homes	448	\$ 5,483,445
O	Residential Inventory	244	\$ 2,028,910
L1	Commercial Personal Property	1,311	\$ 94,473,190
L2	Industrial Personal Property	75	\$ 59,852,600
S	Special Inventory	7	\$ 11,313,730
X	Exempt Property	1,441	\$ 99,447,973
-		399	\$ 0

**Exemption Data**

Kleberg County Appraisal District is responsible for the administration of all property tax exemptions granted. The most common exemption a property owner qualifies for is the Homestead Exemptions. These exemptions include mandated homestead exemptions, optional homestead exemption, over-65 exemptions, over 55 surviving spouse exemptions, disability exemptions and 100% disabled Veterans homestead exemptions. In order to qualify for the Homestead Exemptions the property owner must **own and reside in** the residence on January 1 and the owner or spouse claims **no other** Homestead Exemption. In January of each year, the district mails Homestead Exemption applications to property owners who may qualify for this exemption. The application must be completed and returned to the appraisal district by April 30. A property owner who turns 65 any time during the year qualifies for the Over 65 exemption as if they had it all year and can apply for the exemption anytime during the year after the property owner turns 65. A property owner may file a late homestead application if it is filed no later than one year after the delinquency date for the taxes on the homestead.

The following is a list of taxing units that offer the Homestead/Over 65/Disabled Persons Exemptions and 100% Disabled Veteran's Homestead exemption AS OF CERTIFICATION DATE 7-25-16.

<u>TAXING UNITS &amp; TAX RATE</u>	<u>HOMESTEAD</u>	<u>PERCENTAGE HOMESTEAD</u>	<u>AGE/OVER-65</u>	<u>DISABILITY</u>
Kleberg County	*****	*****	\$12,000	*****
City of Kingsville	*****	*****	\$ 8,400	*****
So. Tx. Water Authority 1%/\$5,000 MIN.		*****	\$12,000	\$12,000
Kingsville I.S.D.	\$25,000	*****	\$10,000	\$10,000
Ricardo I.S.D.	\$25,000	10%/5,000 MIN.	\$10,000	\$10,000
Riviera I.S.D.	\$25,000		\$10,000	\$10,000
Santa Gert. I.S.D.	\$25,000	*****	\$10,000	\$10,000

\*\*\*\*\*

Disabled Veterans Exemption on Homestead Property (Passed in June of 2009 per House Bill 3613)

100% EXEMPTION

NOTE: Disabled Veteran **must be:** Receiving 100% Compensation for a Service Connected Disability  
AND  
100% Service Disabled or Individual Unemployable

\*\*\*\*\*

Disabled Veterans Exemption that may apply to any one property. This exemption is granted by all taxing units.

10%-29%	Disability	\$ 5,000
30%-49%	Disability	\$ 7,500
50%-69%	Disability	\$10,000
70%-100%	Disability	\$12,000

ANY % LISTED ABOVE AT AGE 65 AND OVER: \$12,000

## **Ratio Study Analysis – Property Value Study**

The property tax code requires that the Property Tax Assistance Division of Texas Comptroller Office conduct an internal ratio study in each appraisal district biannually to determine the degree of uniformity of and the median level of appraisal with each major property category in each school district. The districts values must be within the 5% margin of the state's ratio study in order for the Comptroller to certify local value to the Commissioner of Education for school funding. For 2014, School District in the boundaries of Kleberg County received certified local value all school districts with the exception of Kingsville I.S.D. A property value study was done in 2015 for Kingsville I.S.D. Results for the 2015 Value Study determined that Kleberg County Appraisal District was in compliance with the comptroller's required performance guidelines. The appraisal district's next full property value study will be performed in 2016.

## **2016 Protest Data**

The Property Tax Code requires the Appraisal District to send a letter form Notice of Appraised Value for properties:

- Reappraised in the current year
- Change of ownership during the preceding year
- Agent or property owner makes a written request for the notice
- New property that was included for the first time on the appraisal rolls
- The owner filed a property rendition statement
- The property has been annexed or de-annexed to a taxing jurisdiction

In compliance with the Property Tax Code the district prepared and delivered Notice of Appraised Values for all properties in Kleberg County for 2016 who met the criteria above. Notices were sent on approximately:

- 8,211 Accounts - Real, Mobile Home, Commercial and Business Personal Property accounts
- 5,010 – Mineral, Industrial and Utility accounts

From the notices that were mailed the district received:

- 513 Protest On - Real, Mobile Home, Commercial and Business Personal Property, Mineral, Industrial and Utility
  - 25 Protest were heard by the ARB
  - 135 Protest were withdrawn by the property owner/agent
  - 286 Protest were settled in informal hearings with the appraisers
  - 67 Protest were no shows
- Of the 25 protest that went before the ARB, there were 23 protest with no adjustments to value.

For 2016 the appraisal district was served with one petition for lawsuits filed in District Court for the 2016 appraisal year.



## **2015 Methods and Assistance Program**

In 2009, the Texas Legislature enacted a new law that amended Tax code Section 5.102. It requires the Comptroller of Public Accounts to review appraisal districts every two years. This is called the Methods and Assistance Program. This review is designed to determine whether appraisal districts are meeting minimum requirements for performing statutory and appraisal duties. This review is conducted in accordance with Tax code Section 5.102(a), effective Jan 1, 2010, and related Comptroller rule 9.301. The Comptroller is required by statute to review appraisal districts for governance; taxpayer assistance; operating procedures; and appraisal standards, procedures and methodology.

Mandatory Requirements: Pass/Fail

1. Does the appraisal district have up-to-date appraisal maps from which property may be located pursuant to Comptroller Rule 9.3002?
2. Do Property inspections match appraisal records?
3. Does the appraisal district have written procedures for appraisal?
4. Are Values reproducible using the written procedures and appraisal records?
5. Were all appraisal district documents requested by PTAD made available to the reviewer by the required date?

### **KLEBERG COUNTY APPRAISAL DISTRICT PASSED ALL MANDATORY REQUIREMENTS**

Appraisal District Activities Ratings: Meets, Needs Improvement and Unsatisfactory

Appraisal District Activities Reviewed:

1. Governance
2. Taxpayer Assistance
3. Operating Procedures
4. Appraisal Standards, Procedures and Methodology

### **KLEBERG COUNTY APPRAISAL DISTRICT MEETS ALL AREAS OF THE APPRAISAL DISTRICT ACTIVITIES REVIEW**

The next Method and Assistance Program review will be done in the 2017 year and results will be available in the 2018 year.

For additional information, call our office at 361-595-5775. We are located at 502 E. Kleberg, Kingsville, Texas. Business hours are Monday-Friday 8:00 am to 5:00 pm. The Kleberg County Appraisal District office remains opened through lunch hours.