

**Transmittal Letter**

This revision of the Reappraisal Plan for calendar years 2025-2026 includes many changes from the prior plans, which we found had been stagnant for many years with only minor changes. The subcommittee of the JCAD Board of Directors did a detailed review of the old plan that resulted in 156 questions and concerns that were addressed and changes made to the Plan by the Central Appraisal District Office under the direction of the Chief Appraiser.

In addition to these updates which should improve the plan's comprehension and usability, we have made a few substantive changes designed to stabilize the property tax environment in Johnson County.

**The first of these changes is to adjust the property tax appraisal cycle from every year to every three years (as allowed by statute).** The taxpayers of Johnson County may have been deeply affected by the recent increases in appraised values of their properties which have often resulted in a very large increase in their property tax bills. We believe this was caused by the rapid influx of new residents and businesses. In reaction to this increased demand with limited immediate supply, property prices have been driven higher due to market forces. While this may be good for property owners in the longer term (when they want to sell their property), it creates higher property taxes because most property value appraisals are based on market value as required by Texas Law. When the market price increases, the appraisal increases. Also, as demand increases, supply increases in the form of new home construction or additional services required to be performed by the County or municipalities. This new construction is often offered at a higher price point than the average older home. Sales at that higher price also increase appraised values that are based on current market values. A significant concern is that the state does mass appraisals for State School funding every two years. If local county appraised values for a school district are outside the margin of plus or minus 5% from the state appraisals, they are marked for review in the next year. If the values continue to be out of that range, the state could adjust the amount of state funding to that school. If the margin reaches more than 10% below the state assessment, the state more certainly will adjust funding to the school. For this reason, we will continue to do annual property studies, but the market value will not change unless and until a new formal appraisal is done by the county as detailed by the third recommendation below. We have included language in our plan to allow for the JCAD Board of Directors to call for an appraisal of relevant properties in the categories tested by the state in the case of significant changes. This also protects taxpayers in the case of a downturn in the real estate market (that some economists are predicting). **If property value decreases substantially, the JCAD Board of Directors can call for a reappraisal with hopefully corresponding lower property taxes.**

**The second substantial change is that we added language to the Plan that says that no property value will be increased without clear and convincing evidence.** This includes consideration of changes to a property that went through either an ARB review or a legal action in the prior year to determine the final appraised value. While this language already exists in Tax Code

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23.01(e), we feel it is important to emphasize the point in the plan to ensure that our taxpayers are aware of this protection.

**The third substantial change is that the Appraisal District will not increase the 2024 appraised values in 2025 or 2026, except in the following circumstances:**

- A reappraisal is ordered due to changing markets or in response to the state study as detailed above and that would require Johnson County Appraisal District Board of Directors action and approval; or
- The appraised value of a residence homestead is below the market value and must be raised as required by Tax Code 23.23; or
- The appraised value of a property qualified for the Circuit Breaker is below the Market Value and must be raised as required by Tax Code 23.231; and/or
- To provide for new property or improvements and property that escaped taxation or reappraisal in a prior year.

**The fourth significant change relates to strengthening the relationship between the CAD appraisal process and Uniform Standards for Professional Appraisal Practice (USPAP).** While the CAD has always followed the USPAP guidelines, this plan is more specific in its guidance. USPAP is a set of guidelines and standards for real estate appraisers in the United States, developed and published by the Appraisal Standards Board (ASB) of The Appraisal Foundation (TAF). It defines a framework for appraisers to follow, ensuring consistency, accuracy, and professionalism in their work. Adherence to USPAP is mandatory for appraisers who wish to maintain their professional credentials and provide compliant appraisals for clients. The standards are regularly updated to reflect changes in the appraisal industry, market conditions, and regulatory requirements. In essence, USPAP serves as a benchmark for appraisers to demonstrate their expertise, objectivity, and commitment to providing high-quality appraisal services. The Plan specifically requires Appraisers to follow the most current version of USPAP.

**As we progress into the actual reappraisal process, we reserve the right to modify the plan as necessary to meet this office's requirements as set forth in the Texas Property Tax Code.**

Submitted by: