



Dallas Central Appraisal District

October 26, 2006

Dr. Jeff Turner, Superintendent
Coppell ISD
200 S. Denton Tap Road
Coppell, Texas 75019

RE: Sales Disclosure Resolution

Dear Dr. Turner:

On October 4, 2006, the Dallas Central Appraisal District unanimously passed the attached resolution to encourage the Texas Legislature to enact legislation mandating the disclosure of real property sales prices.

We believe that mandatory real property sales disclosure is sound public policy. In order for appraisal districts to accurately and equitably value real property, sales price information is a necessary tool. The lack of sales price information has distorted property values for certain classes of property, most notably commercial real estate, and shifted the tax burden to middle class residential property owners. Commercial sales and sales of high-end residential properties are for the most part unavailable on a voluntary basis. The appraisal district for the most part is put in a position of not knowing the sales prices or finding out about the sales price too late in the year to reflect current market value. In addition, the information that we do receive through third party sources is many times inaccurate and causes us to arrive at incorrect values. This situation can be solved with the mandatory disclosure of real property sales prices. Texas is one of five states in the country that does not have some kind of disclosure law in place.

Another compelling reason for the passage of sales disclosure is the potential revenue gains to the taxing jurisdictions that will result from more accurate appraisals. The three charts below are a summary of the Comptroller's Final Findings for the 2003 and 2004 Property Value Study and the 2005 Preliminary Findings for the Property Value Study.

2003 Final Findings

	State Category	Statewide CAD Value	PTD Estimate of Value	Difference
A	Single Family Residential	\$593,360,567,955	\$607,433,568,103	-\$14,073,000,148
B	Multi-Family Residential	\$55,245,957,986	\$57,506,669,879	-\$2,260,711,893
C	Vacant Lots	\$27,398,669,338	\$28,463,703,834	-\$1,065,034,496
D	Rural Real Property	\$53,758,179,719	\$54,651,959,667	-\$893,779,948
F1	Commercial Real Property	\$174,770,393,354	\$182,142,582,444	-\$7,372,189,090
F2	Industrial Real Property	\$67,425,881,039	\$67,425,881,039	\$0
G	Oil, Gas, and Minerals	\$39,474,282,252	\$39,035,339,066	\$438,943,186

J	Utilities	\$38,882,521,320	\$39,143,342,853	-\$260,821,533
L1	Commercial Personal	\$86,307,145,296	\$87,292,760,874	-\$985,615,578
L2	Industrial Personal	\$55,587,540,617	\$55,587,540,617	\$0
M1	Mobile Homes	\$5,357,026,434	\$5,357,026,434	\$0
N	Intangible Personal	\$1,214,949,725	\$1,214,949,725	\$0
O	Residential Inventory	\$4,895,909,142	\$4,895,909,142	\$0
S	Special Inventory	\$3,514,648,590	\$3,514,648,590	\$0
	Totals	\$1,207,193,672,767	\$1,233,665,882,267	-\$26,472,209,500

2004 Final Findings

	State Category	Statewide CAD Value	PTD Estimate of Value	Difference
A	Single Family Residential	\$638,031,599,296	\$649,020,832,934	-\$10,989,233,638
B	Multi-Family Residential	\$56,609,417,371	\$60,239,558,012	-\$3,630,140,641
C	Vacant Lots	\$28,341,244,387	\$29,641,109,798	-\$1,299,865,411
D	Rural Real Property	\$56,080,134,196	\$57,238,539,945	-\$1,158,405,749
F1	Commercial Real Property	\$178,577,672,798	\$192,580,317,986	-\$14,002,645,188
F2	Industrial Real Property	\$67,101,847,596	\$67,101,847,596	\$0
G	Oil, Gas, and Minerals	\$51,889,539,655	\$51,595,612,198	\$293,927,457
J	Utilities	\$39,771,817,669	\$39,925,724,444	-\$153,906,775
L1	Commercial Personal	\$92,216,478,695	\$91,992,088,877	\$224,389,818
L2	Industrial Personal	\$58,737,434,141	\$58,737,434,141	\$0
M1	Mobile Homes	\$5,427,726,549	\$5,427,726,549	\$0
N	Intangible Personal	\$464,931,396	\$464,931,396	\$0
O	Residential Inventory	\$5,336,923,903	\$5,336,923,903	\$0
S	Special Inventory	\$3,389,001,170	\$3,389,001,170	\$0
	Totals	\$1,281,975,768,822	\$1,312,691,648,949	-\$30,715,880,127

2005 Final Findings

	State Category	Statewide CAD Value	PTD Estimate of Value	Difference
A	Single Family Residential	\$688,166,719,005	\$707,090,772,694	-\$18,924,053,689
B	Multi-Family Residential	\$61,592,594,311	\$64,063,803,362	-\$2,471,209,051
C	Vacant Lots	\$30,490,273,996	\$31,973,260,818	-\$1,482,986,822
D	Rural Real Property	\$59,312,101,212	\$61,184,614,115	-\$1,872,512,903
F1	Commercial Real Property	\$193,511,586,389	\$209,204,288,845	-\$15,692,702,456
F2	Industrial Real Property	\$68,363,613,951	\$68,363,613,951	\$0
G	Oil, Gas, and Minerals	\$67,412,630,466	\$66,592,687,637	\$819,942,829
J	Utilities	\$39,941,946,875	\$39,750,730,118	\$191,216,757
L1	Commercial Personal	\$95,932,476,597	\$96,191,230,683	-\$258,754,086
L2	Industrial Personal	\$64,903,211,948	\$64,903,211,948	\$0
M1	Mobile Homes	\$5,559,280,374	\$5,559,280,374	\$0
N	Intangible Personal	\$11,095,432	\$11,095,432	\$0
O	Residential Inventory	\$6,184,563,645	\$6,184,563,645	\$0
S	Special Inventory	\$3,969,091,569	\$3,969,091,569	\$0
	Totals	\$1,385,234,853,430	\$1,425,042,245,191	-\$39,807,391,761

As you can see the Comptroller's estimate of value is \$96,992,481,388 higher than the values as reported. The categories that mandatory sales disclosure would affect most are Categories A (single family), B (multi-family), C (vacant lots), D (rural acreage), and F1 (commercial real). The loss in value for these five categories by year is as follows:

Category	2003	2004	2005
Category A: Single Family	\$14,073,000,148	\$10,989,233,638	\$18,924,053,689
Category B: Multi-Family	\$2,260,711,893	\$3,630,140,641	\$2,471,209,051
Category C: Vacant Lots	\$1,065,034,496	\$1,299,865,411	\$1,482,986,822
Category D: Rural Acreage	\$893,779,948	\$1,158,405,749	\$1,872,512,903
Category F1: Comm. Real	\$7,372,189,090	\$14,002,645,188	\$15,692,702,456
TOTAL	\$25,664,715,575	\$31,080,290,627	\$40,443,464,921

The average statewide combined property tax rate for all taxing units as calculated based on the Comptroller's data was \$2.39 per hundred dollars of value in 2003 and \$2.41 per hundred dollars of value in 2004. The average 2005 rates have not yet been released. For purposes of this illustration we will use \$2.40 per hundred dollars of value as the average rate for all three years. If lack of sales disclosure has caused value to escape taxation the amount of revenue lost for the last three years would be:

Tax Year	Value Lost	Avg. Tax Rate	Lost Revenue
2003	\$25,664,715,575	\$2.40/100	\$615,953,174
2004	\$31,080,290,627	\$2.40/100	\$745,926,975
2005	\$40,443,464,921	\$2.40/100	\$970,643,158
TOTAL	\$101,789,621,885	\$2.40/100	\$2,332,523,307

As you can see by the illustration above, almost \$2.33 billion in tax revenue would be generated by the passage of sales disclosure. With the current shortfalls in many taxing unit budgets this revenue source cannot be ignored.

Currently Senator Jeff Wentworth and Representative Mike Villarreal, both of San Antonio, have indicated they will introduce sales disclosure legislation in the 2007 Regular Session. The Texas Association of Appraisal Districts is working closely with the Legislature to move this issue forward during the 2007 Regular Session. Most local realtors have indicated their support for sales disclosure.

In order to bring this issue to the attention of the Legislature we need your help. Attached to this letter is a copy of the same resolution that was passed by the DCAD Board of Directors. The resolution has been reworded for your taxing jurisdiction. To show your support for this important issue we would like your governing body to pass this resolution. Once passed, please send a copy of your resolution to my attention and it will be forwarded to members of the Legislature to show them the support that exists for this issue.

Please present this resolution to your governing body as soon as is practical. The staff at DCAD and I stand ready to answer any questions concerning this issue that you or your governing body may have. We appreciate your time and consideration on this important issue and look forward to your support on this matter.

Very truly yours,

W. Kenneth Nolan, RTA, RPA, CTA
Executive Director/Chief Appraiser

Attachment