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JOINT RELEASE

AG Ruling Deemed Taxpayer Victory

In January of this year, District Attorney Kurt Sistrunk requested an opinion from the Texas Attorney General on behalf of Tax Assessor Collector Cheryl E. Johnson pertaining to valuations of homesteaded property after Hurricane Ike. Yesterday, the opinion was rendered.

"Although at first pass the opinion appears murky, upon further analysis, it appears overall to be a win for Texas taxpayers in that the Attorney General mostly concurred with our conclusions," stated Johnson.

With regard to Scenario 1 (a homestead partially damaged by Ike), we prevailed and the homestead appraisal cap will apply to the 2009 value. With regard to Scenario 3, we presented that the Appraisal District could not use a formulaic approach when a home is extensively damaged and rendered uninhabitable (i.e. because a property is 50% or more damaged does not make the restoration a new improvement). The Attorney General concurred in that the Property Tax Code clearly defines a new improvement as one that is larger or of superior quality of construction to the original home.

With regard to Scenario 2 (a homestead extensively damaged by Ike), clarification was not rendered in the opinion and it will fall upon the shoulders of Texas chief appraisers to determine the value a property "would have had" had a disaster not occurred. "I can understand the inability of the AG to render a clear opinion on this matter given the complicated nature and the experience demanded in having to resolve issues of appraisal methodology," stated Sistrunk.

"Overall, we view this opinion as a victory for taxpayers," stated Johnson and Sistrunk. "Without the question being asked, there could have been many property owners adversely affected had the Chief Appraiser implemented his initial interpretation that the cap apply to 2008 values and that any property with 50% or more damage be considered a new improvement."

The entire request and opinion are posted on the Tax Office website at www.galcotax.com under the Important Information tab.