

**MORE THAN 100 REASONS TO USE P.E. PENNINGTON & CO., INC.
FOR YOUR PROPERTY TAX APPEALS**

- | | | | |
|--------------------------------------|--|-------------------------------|-----------------------------------|
| A & J Foods, Inc. | Edgewood Manor Sr. Apartments | Man Arr, Inc. | Ratliff & Somerville, P.C. |
| A-1 Transmissions | Fas Pac Packaging, L.P. | Mathews Southwest | RBI Concepts |
| AA Applicators, Inc. | Financial Alternative Leasing | Maverick Commercial Center | Red Steel Company |
| Algonquin Realty, Inc. | First Gulf Development | McCullough Development, Inc. | Rosti (Dallas), Inc. |
| Allen-CT/BTS Ltd. | Flexlink Systems | McElreath Family Ltd. | S & D Family Partnership |
| Alloy Casting Co., Inc. | Fountain Car Wash | Michael E. Dyer Family, Ltd. | Saddock & Company, P.C. |
| American 3CI | Four Stars Plumbing | Frank J. Miles | Sammons Realty Corporation |
| American Consolidated Transportation | Ron Franco | Milestek Corporation | Sante Rehabilitation Center |
| American Foam Rubber | Frontline Property Management | Millennium Motor Cars | Saturn Square Holdings, Ltd. |
| Arcap Servicing | Gallagher Homes | Mobius Investments, LLC. | Sharp Westover Hills, L.P. |
| Asel Art Supply, Inc. | Garland Steel, Inc. | Mohammed I. Jetpuri | Gary Shultz |
| Ashford Hall, Inc. | Printice L. Gary | Monsouni, Inc. | Sierra Management Company |
| Aysha Foods, Inc. | Ali Gaziani | Montero Family Restaurants | Smallwood Summit Partners |
| BBT Corporation | The Genesis Realty, Inc. | Vincent Moran | Judith O. Smith Mortgage Group |
| Brangus, Ltd. | Glorious Sun Property Mgmt. | Manucher Nazarian, M.D. | Southern Villas Properties |
| Fred Brodsky Company | James Gray Property Mgmt. | Ken Nelson | Southwest Housing Development |
| Cadence Capital Group, Inc. | The Grinnan Companies | Next Level Transportation | Sphinx Development Corporation |
| Car Wash Headquarters | The Harper House | Norstar | Spiritas Ranch Enterprises, L.P. |
| Carleton Residential Properties | Hines Place Properties | The Oaks Bank & Trust | William Stanton |
| Jeff Cassell | Bernard Hirsh Trustee | O-Tec Computer Services, Inc. | State National Bank of West Texas |
| CCIS Tech, Inc. | Hoss Equipment Company | Oakcrest Management, Inc. | Sterling Investments, L.P. |
| CCI Manufacturing, Inc. | Hoss Equipment Nevada, Inc. | Oasis Car Wash, Inc. | Susman Development Company |
| The CEI Group | HSR Plaza, Inc. | Oji Associates, Inc. | SVI Management Corporation |
| Sumner Chase | Ibrahim Investment Corporation | Outback Steakhouse, Inc. | Lawrence E. Tabak |
| Circuit Investors | Industrial Hygiene & Safety Technology | P.O. B. Montgomery | T-Bar Fence Company, Inc. |
| CL & H Properties | Insurance Technologies Corp. | Paccar Leasing Company | Taft Forward Property Mgmt. |
| CNC Realty | Jagee Real Properties | Pace Realty Corporation | Tarpley Investments, L.P. |
| Columbia Residential | R.E. Janes Gravel Co. | Pappasito's Restaurants | Than Than Investments, Ltd. |
| Community Credit Union | Abdul R. Jetpuri | Paragon Industries, L.P. | Traffic Signal, Inc. |
| Cornerstone Realty Income Trust | Kaizen Foods, Inc. | James Parks | Turtle Creek Development |
| Corr-Wood Manufacturing, Inc. | James King | Pegasus Transportation Group | Tyson Management |
| CRE Technologies | Thomas Kirkland | Penthouse Key Club | UBS Realty Investors, LLC |
| Crossman Corporation | Roger Lawler | Perfect Technology Center | Van-Texas Properties, L.P. |
| Crosstimbers Capital, Inc. | Lincolnshire Associates | Cathy Phillips | Daniel Varel |
| Cutting Room Supply, Inc. | Lone Star Balloon, Inc. | G.M. Pointer Trust | Vasan Properties |
| DAFX, Inc. | Lone Star Container Corp. | Jim Privitt | Wells Fargo Business Credit |
| Dallas Aircraft Services, Inc. | The Loomis Agency | Progressive Marketing | Westcott, LLC. |
| George H. Davis | The Madison Commercial Group | Property Tax Professionals | John M. Whitfill |
| Delphi Group | M & A Texas VE, Ltd. | Provident Management, Inc. | Wilson Properties |
| Dywidag Systems International | Magellan Management, Inc. | Provident Realty Advisors | The Windmark Group |
| Edgemon Companies | | Richard Ranger | Windsor Management Company |
| | | | Zavala Properties, Inc. |

The PROPERTY

TAXPAYERS' ADVOCATE

P.E. Pennington & Company, Inc.
16 Years of Providing Property Tax Solutions

Dallas, Texas

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IMPORTANT UPCOMING TEXAS TAX DATES

NOTICE OF LITIGATION WITH

FILING SUIT: Within 45 days of receipt of the
..... ARB Order/Determining Protest

TAX RATES SET: Generally September-October

TAX BILLS MAILED: Generally October-November

JANUARY: Assessment Date January 1

JANUARY 31: Last day for payment of taxes:
..... • before they become delinquent
..... • for property subject to litigation
..... • for property subject to protest

JANUARY 31: Last day to file motion to correct
..... an incorrect appraisal

APRIL 15: Rendition Due Date

TAX ROLL CERTIFICATION: Generally July-August

DID YOU KNOW?

(Dallas Morning News, August 3, 2004, Pg. 2A)

Entity	2003 Value	2004 Value	% Change
Dallas County	\$127.7 billion	\$129.6 billion	1.50%
Collin County	\$49.2 billion	\$52.3 billion	6.30%
Denton County	\$32.9 billion	\$35.5 billion	8.20%
Tarrant County	\$79.6 billion	\$83.8 billion	5.30%

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*Is your firm receiving
the most advantageous property
tax valuation?*

*Is it time to consult a
property tax professional?*

P.E. Pennington & Co., Inc.
is a regional firm with expertise in all types of
Commercial Real Estate, Residential Real Estate, Personal
Property, Intangible Value and out source
compliance needs.

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**Concerned About Your Property Taxes? ...Let's Talk or Visit
www.pennin.com**

**Effective State and Local Tax Burden
By State and Rank, 2003**

	Tax Burden	Rank
Texas	8.30%	46

Source: Tax Foundation.
Comparing the Total Tax Buren in Each State
April 9, 2003.

Per Capita Local Property Tax Collection

State	1999		2000	
	Amount	Rank	Amount	Rank
Texas	\$928	16	\$950	15
U.S. Average	\$881		\$885	

Source: U.S. Department of Commerce, Bureau of the Census

**Property Value Loss Attributable to
10 Percent Cap on Residential
Homestead Values in Texas.**

Year	Amount of Value Loss
1998	\$1,890,000,000
1999	\$3,600,000,000
2000	\$9,530,000,000
2001	\$14,110,000,000
2002	\$14,150,000,000
2003	\$10,920,000,000

Source: Comptroller of Public Accounts, Annual Property Tax Report and Self-Report files, various years.

**Value Loss Attributable to 10 Percent
Cap on Residential Homestead Values in Texas**

Tax Year	Amount of Value Lost	Percent Increase/Decrease
1998	\$1,891,363,716	-
1999	\$3,603,192,626	90.51%
2000	\$9,526,363,654	164.39%
2001	\$14,113,980,926	48.16%
2002	\$14,152,209,212	0.27%
2003	\$10,921,798,352	-29.60%

Source: Comptroller of Public Accounts, Annual Property Tax Report and Self-Report files, various years.

**Where Have All The
Renters Gone?**

*Source: Tierra Grande, Journal
Of The Real Estate Center at
Texas A&M University, July 2004*

Demand for Texas housing is booming. Last year, 213,000 homes sold through the state's multiple listing services and 123,000 single-family building permits were issued – both figures higher than in any year on record. In the midst of all this activity, however, is a multi-family housing market that is far from flourishing.

Apartment markets have been sliding for the past several years. Multi-family construction in Texas peaked in 1998, and now runs about 70 percent of that level. According to data from the National Real Estate Index, rents are down to 1997 levels in major Texas cities. Almost all multi-family housing is rental housing, and the Census Bureau indicates that rental housing vacancy rates in Texas rose to 14.1 percent in 2003 from a low of 7.9 percent in 1994.

Hypotheses: Easy access homeownership is attracting higher income tenants away from rental housing. By lowering the threshold cost of becoming a homeowner, low interest rates have reduced the income level required to buy a home. This means many households whose income used to be too low can now afford to buy, taking them out of the rental market. Vacancies have risen and rental rates have been lowered to accommodate less affluent tenants, thus lowering rental income.

**DALLAS COUNTY DISAGREES
WITH NEW LEGISLATION**

The Legislature passed the following law in the 2003 session:

**EFFECTIVE 9/1/03 – OVERLAPPING
COUNTY ASSESSMENTS & FAIR AND
EQUITABLE APPEALS**

H.B. 1082 –(effective September 1, 2003) This bill incorporates the remedy for unequal appraisal found under Section 42.26 (d) of the Tax Code into Chapter 41 (relating to administrative procedures). Under current law, a property owner is not technically capable of making an unequal appraisal argument based on a comparison of “appraised values” until the property is appealed to district court. This left the property owner with only the cumbersome “appraisal ratio” analysis at the administrative (protest) level. After this bill becomes effective, property owners will be able to prove unequal appraisal at the administrative level by comparing the subject property’s appraised value to the “median appraised value of a reasonable number of comparable properties, appropriately adjusted.”

The bill also includes a provision that addresses property in more than one county. If the two appraisal districts cannot agree on the value of the subject property, they are required to change to the lower of the two values on the appraisal roll. More importantly, if the value of the property is reduced either at a protest hearing or on appeal, the reduction in value must be made by both counties. (This provision is effective on January 1, 2004.) For telecommunication providers, a protest or appeal of a property’s value in a county that the property runs through is applicable to the unit values for all counties in which the property is located or operated.

The Dallas Central Appraisal District has read the new law and is interpreting it as follows:

1.) Constitution, Article 8, Section 1 (a): Taxation shall be equal and uniform.

Amendment to Section 6.025 violates this section by allowing rulings by different ARB’s whose appointment and jurisdiction do not reflect the entities served. (Collin CAD’s ARB is appointed by Collin County entities; yet rules on Dallas entities values).

2.) Constitution, Article 8, Section 18(c) : The Legislature, by general law, shall provide for a single board of equalization for each appraisal entity consisting of qualified persons residing within the territory appraised by that entity.

Amendment to Section 6.026 violates this section by creating as many as four ARB (boards of equalization) for entities (Grand Prairie) and as a minimum two. Also, an ARB constituted by persons not living in the Dallas CAD are in direct conflict with this provision.

3.) Section 41.43 of the Tax Code provides for a protest of inequality. Thus, a ruling by one ARB, equalizing a value pursuant to Section 41.43 for say Collin County, can not have considered appropriate factual data for the City of Dallas inasmuch as they do not have the complete universe of property within their jurisdiction. Also, how would an ARB in Dallas know that a ruling handed down by the Collin CAD was based on equity or market value?

4.) Section 6.41 of the Tax Code requires members of the ARB to be residents of the appraisal district for at least the two previous years. Section 6.025 violates this provision and would create ARB’s whose members are not residents of the district.

5.) We are also unable to determine that the Legislature has the authority to create an agency (ARB) having jurisdiction over an appraisal district’s tax roll when said agency (ARB) is not a participant in the appraisal district. We find no authority to create this condition within the law.

The Dallas Central Appraisal District’s disagreement over H.B 1082 will undoubtedly result in litigation. The District wants the courts to interpret this law as stated in a recent interview with the Dallas Morning News. Harris County, on the other hand, administered H.B. 1083 for tax year 2004 and has a request for an Attorney General’s opinion.