IN THE

Texas House Of Representatives
Ways and Means Committee

BRIEF OF MITCHELL VEXLER AS AMICUS CURIAE SUPPORTING PROPERTY OWNERS ACROSS TEXAS AND THE UNITED STATES OF AMERICA

Bill to Repeal Real Estate Tax in favor of a UNIFORM STATES SALES TAX

A Presentation to President Trump and Elon Musk

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Interests of the Amicus Curiae

Mitchell Vexler is a 36-year builder / developer / investor with a background in statistical probability and quantitative finance. He has been writing with respect to issues created by Denton Central Appraisal District (DCAD) and produced multiple videos outlining many of the issues created by DCAD and its co-conspirators. Mr. Vexler and his accountant have spent over 12,000 hours since 2016 documenting the evolution of issues at and surrounding not only DCAD, but now multiple Central Appraisal Districts across Texas and the United States. On an annual basis, DCAD, through its fraudulent valuation methods, forced Mr. Vexler and his entities to file protests and several lawsuits on the value. In addition, because of gathering DCAD's certified numbers, Mr. Vexler and his accountant created numerous spreadsheets to analyze all the data. Some of the results of that analysis are described herein and include a few of the presentation analyses for the benefit of this Committee, Texas and the United States of America to use as to craft proper legislation, one must understand the depth of the issues. Ignoring the truth will only further create more needless suffering. This Brief will provide the understanding how Market Value (Taxation of Unrealized Gains) is to be determined, including the law, math, finance and the ramifications of illegally ignoring every single element, pushing up the debts at the Taxing Entities level, and thus pushing up the resulting cost of operations from which to fraudulently push up overvaluation and the resulting over taxation to the point that approximately 37% of the households are at risk of losing their homes. A Suit for violating Constitutional rights, among other violations, was filed against DCAD and individuals (Defendants), by Mr. Vexler, in October 2023. The evidence of several years of analysis and investigating DCAD and its co-conspirators activities and documents including taped DCAD Board meetings is posted on www.mockingbirdproperties.com/DCAD. We would like to draw your attention to three documents called Violations.pdf, Circuit Breaker and Homestead Exemption.pdf and Bond Elections.pdf. Specifically regarding Violations.pdf which is 10 pages of both State and Federal laws that are being violated by the CADs, their employees, and co-conspirators. Mr. Vexler's writings regarding DCAD and other CAD's have appeared in several newspapers and online.

Mr. Vexler is interested in these issues both as a matter of constitutional principle and because of his concerns related to the harms that would flow to the many families and corporations who have planned their financial futures around the understanding that unrealized gains cannot constitutionally be taxed and that the laws including Uniform and Equal under the Texas State Constitution and Texas Property Tax Code would be enforced, which the evidence provided herein will clearly show, those laws are not being enforced, resulting in fraud on a mass scale. <u>We are not pleading our case against DCAD</u> and its co-conspirators but are using the evidence we have gathered in the DCAD case and now across the State of Texas and now across the United States of America, and supplying that evidence to this Committee, in support of creating a proper bill to correct years of cumulative fraud against the Citizens of the State of Texas and the United States of America. The ramifications of not eliminating the real estate and personal property tax in favor of a Uniform State<u>s</u> Sales Tax would be catastrophic in that well over 30% of the homeowners in any jurisdiction that utilizes Market Value by their taxing entities will face immediate bankruptcy. Market Value is taxation on unrealized gains which is prohibited under the Sixteenth Amendment of the Constitution of the United States of America. This case interest's amicus because the State of Texas and U.S. Congress must respect constitutional limits in exercising its taxing power. The non-enforcement of black letter of the law established by the State of Texas under Texas Property Tax Code and the Texas Constitution, and the U.S. Constitution places constraints which have been recognized since 1913 when the Sixteenth Amendment granted Congress the power to tax "incomes, from whatever source derived". Since the ratification of the Sixteenth Amendment, the U.S. Supreme Court has consistently interpreted "income" as referring to amounts that the taxpayer realizes in a particular accounting period. Therefore, this U.S. Supreme Court has consistently treated contemporaneous realization of income as a constitutional prerequisite to a tax. This fact, when added to the non-enforcement of the Texas Property Tax Code and the Texas Constitution has set the table for massive bankruptcies across the State of Texas and the United States of America as the inter-connectivity of all cash flows of all Citizens reinforces the loop mass bankruptcies and people losing the roof over their head. The creation of the Homestead Exemption, ARB panels, and Circuit Breaker were created without understanding the ramifications of what was wrong in the system which as time progressed allowed the fraud to cumulatively compound to the point where we are today having to face the reality that should have been corrected decades ago. Writing legislation without understanding the root cause of the issue is an exercise in futility. Writing legislation without having a backup fail safe is negligent. It is Mr. Vexler's sincere desire that this Amicus Brief establishes the root cause of the issues, provides the examples and evidence and then provides the solution. Any further attempts to band-aid the current system will fail as there is no money left from which to pay for pushing the root causes of the issues to the point where the only thing separating 30%+ of households from bankruptcy is $9,000 of which roughly $7,000 is property tax. As this Committee will see herein it is the proven non-adherence of the black and white letters of the law that have allowed the extreme over-reach of the existing limits of both the Texas Constitution & U.S. Constitution. We wish to show this Committee, the exact ramifications of not eliminating the real estate tax in favor of a Uniform States Sales Tax.

Introduction of Argument

The following graphic shows the impact on homeowners titled Home Affordability, because of using Market Value which is Taxation of Unrealized Gains, which is a violation of the 16th Amendment to the U.S. Constitution. Market Value is the mechanism in Texas and most States in the Union, from which the Assessed Value is created. Under current Texas Law you can protest your Market Value but not the Assessed Value. If the Market Value is fraudulent, then so is the Assessed Value.

Comparing Median Household Income and Expenses –
All that matters is the Median Household Income

How Much Rent Can I afford? = **Median Household Income** X .30%.

How Much Debt to Income for a House is standard = 28%

The **Bankruptcy Probability Worksheet** establishes the following which can be adjusted for any County in the United States:

1. Denton County **Median Household Income** is $109,126.00
2. Based on a 28% DTI a $109,126.00 income can afford a $296,000 home
3. Denton Central Appraisal District has stated (fraudulently) that the Median Home Market Value is $514,000.
4. To afford a $514,000 home utilizing the DTI of 28% the **Median Household Income** would need to be $189,500 which is 57% greater than the $109,126 **Median Household Income**.
5. Home affordability is roughly 74% less than the assessed "market value" proving the fraud because the vast majority of Denton County Citizens do not earn $189,500.

6. The fraud is created by ignoring USPAP (Uniform Standards of Professional Appraisal Practice), Texas Property Tax Code, Texas Constitution and U.S Constitution. (See the short list on Page 9 herein)

THE CURRENT POTENTIAL % OF HOUSEHOLDS AT RISK OF LOSING THEIR HOME AS A DIRECT IRREFUTABLE RESULT OF THE FRAUD IS 37.81%

Denton County Home Affordability Reviewed - 2023		Household Income Required to Purchase Average Market Value Home			Median Household Income cannot afford Average Market Value Home			Maximum Home Price a Median Household Income Can Afford		
assumptions made to keep it simple: ignored closing costs, PMI, MIP & HOA fees assumed 10% down payments used 1.8% combined property tax rate assumed mortgage interest rate of 7.50% estimated homeowner insurance at .097% (policygenius.com avg rate for Texas)		$189,500 Annual Income Required to meet lender's housing-income ratio must be ≤ 28%			$109,126 Median Household Income fails lender's housing-income ratio 48.62% is above 28%			$296,000 is the maximum purchase price that meets lender's ratio test, housing cost to income must be ≤ 28%		
Home Market Value			514,082	note 1		514,082	note 1		296,000	
Down Payment	10.00%		(51,408)			(51,408)			(29,600)	
Mortgage Loan Amount			462,674			462,674			266,400	
		annual	monthly	% of income	annual	monthly	% of income	annual	monthly	% of income
Household Gross Income		189,500	15,792	100.00%	109,126	9,094	100.00%	109,126	9,094	100.00%
					note 2			note 2		
Monthly Housing Payment	2023 rates									
Mortgage Pmt (30 yr loan princ + int)	7.50%		3,235			3,235			1,863	
Property Tax	1.80%	9,253	771		9,253	771		5,328	444	
Homeowners Insurance	0.97%	4,987	416		4,987	416		2,871	239	
Housing Income Ratio			4,422	28.00%		4,422	48.62%		2,546	28.00%

note 1: Average Market Value of Single Family Residential Property (prop code A) for Denton County (code G01) per DCAD 2023 Certified Totals Report.

note 2: Census.gov, 2021 median household income for Denton County was $96,265. BLS.gov, Denton County wage growth was 9% 2021-2022, and 4% 2022-2023. Estimate 2023 median household income as $96,265 x 1.09 x 1.04, or $109,126.

side note: Median Certified Market Value for Single Family Residentail (prop code A) is $450,832, per 8/3/23 data extract file downloaded from DCAD website with property value information.

2021 Households by Income Bracket, Reviewed

	2021 Income Brackets		count	%
	$0	$24,999	29,599	9.21%
2021 Median Household	$25,000	$49,999	48,127	14.97%
Income $96,265,	$50,000	$74,999	50,085	15.58%
in this bracket --------->	$75,000	$99,999	41,001	12.76%
	$100,000	$124,999	37,071	11.53%
2021 Median Value	$125,000	$149,999	27,838	8.66%
Home $321,000	$150,000	$199,999	39,204	12.20%
	$200,000	or more	48,522	15.09%
65.10% of households owned home in 2021			321,447	100.00%
	2021 Total Population		943,857	

2023 Households by Income Bracket, Estimated

	2023 Income Brackets		count	%	
	$0	$28,339	34,684	9.21%	
2023 Median Household	$28,340	$56,679	56,394	14.97%	72.71%
Income $109,126	$56,680	$85,019	58,689	15.58%	cannot
in this bracket ---------->	$85,020	$113,359	48,044	12.76%	afford
	$113,360	$141,699	43,439	11.53%	avg mkt value
	$141,700	$170,039	32,620	8.66%	home
$189,500 ------------->	$170,040	$226,719	45,939	12.20%	
Income needed to	$226,720	or more	56,857	15.09%	27.29%
buy Avg Mkt Value Home$514,000			376,666	100.00%	
	1/1/2023 Total Population		1,006,942		

65.10%	vs	27.29%	=	37.81%	the current potential % of households at risk of losing home/housing

Bankruptcy Probability Worksheet = 37.81%

We have received evidence and signatures on the Petition from every State in the Union. We continue to receive emails daily.

Specifically, what this Committee will see is that because of the cumulative compounding fraud on the public via Market Value as solely determined by Denton Central Appraisal District (CAD) and any CAD in all 3,143 Counties across the United States, between 2021 and 2023, the net result for 2023 is that 72% of homeowners cannot afford the average market value of what DCAD claims is a $514,000 home. 37% of **all** households are at risk of losing their home. The same mathematical formulas apply across the State of Texas and the United States of America.

The Committee would logically then ask, how could that happen?

Argument

Home in Copper Canyon (Lewisville ISD)								Home in Krugerville (Aubrey ISD)						
Tax Year	Appr Notice Market Value	% Change	Final Market Value	% Change	Assessed Value	% Change	% chg, new vs py final	Tax Year	Appr Notice Market Value	% Change	Final Market Value	% Change	Assessed Value	% Change
2016	1,090,030		1,006,000		827,506			2016	249,387		249,387		233,621	
2017	1,006,000	-7.71%	950,000	-5.57%	910,257	10.00%	0.00%	2017	271,661	8.93%	271,661	8.93%	256,983	10.00%
2018	950,000	-5.57%	950,000	0.00%	950,000	4.37%	0.00%	2018	275,244	1.32%	275,244	1.32%	275,244	7.11%
2019	1,302,425	37.10%	980,000	3.16%	980,000	3.16%	37.10%	2019	314,184	14.15%	314,184	14.15%	302,768	10.00%
2020	1,305,277	0.22%	980,000	0.00%	980,000	0.00%	33.19%	2020	322,082	2.51%	322,082	2.51%	322,082	6.38%
2021	1,314,733	0.72%	985,000	0.51%	985,000	0.51%	34.16%	2021	316,251	-1.81%	316,251	-1.81%	316,251	-1.81%
2022	1,397,815	6.32%	1,149,000	16.65%	1,083,500	10.00%	41.91%	2022	408,421	29.14%	345,000	9.09%	345,000	9.09%
2023	1,858,935	32.99%	1,500,000	30.55%	1,191,850	10.00%	61.79%	2023	511,272	25.18%	380,000	10.14%	379,500	10.00%
Value Increase		64.07%		45.30%		38.03%	Violation	Value Increase		79.43%		44.34%		50.77%
Inflation Increase		24.31%		24.31%		24.31%	of 23.01(e)	Inflation Increase		24.31%		24.31%		24.31%
		2.64		1.86		1.56				3.27		1.82		2.09
Doesn't matter which value you review & compare, DCAD increased value much faster than inflation, 1.56 to 2.64 times faster.								Doesn't matter which value you review & compare, DCAD increased value much faster than inflation, 1.82 to 3.27 times faster.						

This graphic shows 2 different single-family residences in 2 different municipalities and then looks at the change in appraisal notice market value, final market value and assessed value for the years 2016-2023 and then looks at the inflation, as stated by the U.S. Treasury, during those years. This Committee will see that regardless of which value percentage compared, being Notice Value, Final Market Value, or Assessed value, DCAD through its corrupt database and co-conspirators increased the values 156% to 327% faster than inflation. **The same mathematical formulas apply across the State of Texas and the United States of America.**

Example of a Single Family Home Community, with 27 homes (Estates of Copper Canyon)									
Review of Average Market Value per Square Foot from 2017 to 2023									
	2017	2018	2019	2020	2021	2022	2023		
Average Market Value/sq ft	148.83	153.23	156.00	153.23	156.00	176.91	232.90	**	Market Values increased over 2 times faster than inflation
Percentage Change from Prior Year		2.96%	1.81%	-1.78%	1.81%	13.40%	31.65%		
Sum of % Change Since 2017		2.96%	4.76%	2.99%	4.80%	18.20%	49.85%	Market Value	49.85% / 24.31% = 2.05
Inflation Rate/CPI	2.13%	2.44%	1.81%	1.23%	4.70%	8.00%	4.00%		
Sum of % Change Since 2017	2.13%	4.57%	6.38%	7.61%	12.31%	20.31%	24.31%	Inflation	

An entire community in Copper Canyon Texas where the values increased 205% faster than inflation.

In Law under USPAP, and The Texas Property Tax Code, what "clear and convincing" evidence exists for a home to go up from $1,149,000 market value to $1,858,935 initial notice value, which is 62% higher than the prior year? The answer is none and this is just a snippet of the corruption of the database and those people deploying made up values (Taxation of Unrealized Gains / Market Value) against the real estate taxpayers. It also proves that DCAD, JCAD, HCAD etc. are incapable, by intent, of obtaining an Initial Notice of Market Value, which is a violation of USPAP, Texas Property Tax Code and the Texas Constitution and The Constitution of the United States of America. The law does not say "lets just make the values up to satisfy a pre-determined budget created by a Taxing Entity (i.e. school district)

This Commercial Shopping Center is in Flower Mound, Texas

Demonstrates Persistent Annual Violation of Property Tax Code Section 23.01(e) which states

… if property value was reduced by Subtitle F (protest, appeal, etc.), then "in the next tax year in which the property is appraised, the chief appraiser may not increase appraisal value of the property unless increase by the chief appraiser is reasonably supported by clear and convincing evidence when all of the reliable and probative evidence in the record is considered as a whole."

				(cy/py)			(per total sf 12455)	
		Date of	Market	Compared	% Leased	Avg Rent/sf	Eff Rent	Collected
Tax Year	Document Type	Document	Value	to Prior Yr	Jan 1st	of Leased	Rate/sf	Rent/sf
2015	Notice of Appraisal	04/30/15	2,587,200		72%	16.39	11.12	12.17
	Protest Reduction	06/26/15	1,066,000					
2016	Notice of Appraisal	04/29/16	3,053,871	286%	68%	22.18	15.06	15.08
	Protest Reduction	06/01/16	1,000,000		reduced			
2017	Notice of Appraisal	05/01/17	3,181,873	318%	68%	22.31	15.14	15.27
	Protest Reduction	06/15/17	2,350,000		unchanged	inimal change		
	Appeal Suit Order/Judgment	06/12/18	1,350,000					
2018	Notice of Appraisal	04/18/18	3,827,809	284%	68%	22.77	15.45	15.23
	Protest Reduction	06/07/18	2,522,000		stagnant	inimal change		reduced
	Appeal Suit Order/Judgment	06/12/18	1,350,000					
2019	Notice of Appraisal	04/17/19	3,894,467	288%	68%	22.15	15.03	11.83
	Protest Reduction	06/05/19	2,350,000		stagnant	reduced	reduced	reduced
	Appeal Suit Order/Judgment	08/04/21	925,000					
2020	Notice of Appraisal	06/05/20	3,880,472	420%	68%	19.59	13.30	10.87
	Negotiated Top-Line	02/12/21	2,100,000		stagnant	reduced	reduced	reduced
	Appeal Suit Order/Judgment	11/22/22	750,000					
2021	Notice of Appraisal	05/14/21	2,100,000	280%	68%	18.72	12.71	14.20
	Protest Reduction	07/20/21	1,600,000		stagnant	reduced	reduced	
	Appeal Suit Order/Judgment	11/22/22	750,000					
2022	Notice of Appraisal	04/18/22	2,724,929	363%	89%	18.64	16.55	16.58
	Protest Reduction	09/01/22	1,246,000			reduced		
	Appeal Suit Order/Judgment	11/22/22	750,000					
2023	Notice of Appraisal	04/17/23	2,888,557	385%	89%	18.88	16.76	TBD
	Protest Reduction	07/19/23	850,000			minimal change		

DCAD repeatedly ignored the historical occupancy and income based evidence of this shopping center, & did not have clear & convincing evidence to raise value 2 to 3 times higher than the prior reduced value.

The change in market value for this commercial property is equivalent to an **8 standard deviation move**, when the norm under USPAP is .5 STDEV or + or – 5% to 10%. The odds of an 8 STDEV is **1 in 390,000,000,000** yet there are only approximately 511,000 tax accounts in Denton County. The same mathematical formulas apply across the State of Texas and the United States of America.

Analysis of 140 Commercial Shopping Centers in Denton County	
Demonstrates Violation of Property Tax Code Section 23.01(e)	
	2020*
77.05%	Notice Values were 77.05% higher than prior year 2019.
-32.75%	Notice Values were reduced, on average, by 32.75%.
93.57%	131 of 140 (93.57%) had values reduced; 93.57% protested.
	2021*
13.86%	Notice Values were 13.86% higher than prior year 2020.
-11.50%	Notice Values were reduced, on average, by 11.50%.
62.59%	87 of 139 (62.59%) had values reduced; 62.59% protested.
	Note: 52 of 139 did not protest, as value was same as 2020.
	DCAD was less aggressive in the year following COVID.
	Sample size reduced to 139, 1 property merged w/ another.
	2022*
80.86%	Notice Values were 80.86% higher than prior year 2021.
-31.54%	Notice Values were reduced, on average, by 31.54%.
92.09%	128 of 139 (92.09%) had values reduced; 92.09% protested.
	2023**
46.69%	Notice Values were 46.69% higher than prior year 2022.
-24.25%	Notice Values were reduced, on average, by 24.25%,
89.93%	125 of 139 (89.93%) had values reduced; 89.93% protested.
*	2020, 2021 & 2022 analysis was last updated November 2022
**	2023 analysis was last updated in August 2023

Analysis of 140 Shopping Centers in Denton County. We want to reiterate that the base data, being the assessed Market Value, is from DCAD's own documentation. The fraudulent over valuation and resulting over taxation is occurring across the United States.

Review 2023 Values for 3 Apartment Properties in Denton County			
Demonstrates Violation of Property Tax Code Section 23.01(b) & (e)			
	Appraisal	Reduced	%
Apartments	Notice	Value	Reduced
Mansions at Oak Point	124,279,520	61,117,702	-50.82%
Reatta Ranch	117,014,943	56,800,000	-51.46%
1519 Scripture	94,896,514	39,846,567	-58.01%
Clearly DCAD's notice of appraisal was FAKE, INFLATED, FRAUDULENT, INVALID etc.			

Analysis of three Apartment Properties in Denton County.

DCAD created class codes, beyond the purview of the public, without accuracy or uniformity in it's application and in violation of USPAP and Mass Appraisal Standards and this in violation of the Law.

Analysis of 140 Commercial Shopping Centers & Class Code Assignments					* 64 of 140 were re-coded to a lower class level but had value increase (ex: A2 to B1)
					* After re-coding, A2 properties' value/sq ft averaged higher than the A1's ... ?
Number of Class Codes Assigned to 140	2020	2021	2022	22	* Similarly, A4 avg value/sq ft > A3... B3 avg value/sq ft > B2... and C2 avg value/sq ft > C1
	6	6	28	new codes	* In 2022, this group experienced an increase of 80.86% above their 2021 assessed value.
With lack uniformity & improper assignments, this effort to add codes & re-code failed to properly identify & allign comparisons, is another example of deceptive appraisal by intent.					

This graphic shows DCAD's failings under the Mass Appraisal Standards.

Did DCAD factor in wage growth?	No
Did DCAD factor in cost of mortgage rates?	No
Did DCAD look at wage adjusted mortgage payments?	No
Did DCAD study mortgage application volume?	No
Did DCAD look at Consumer Price Inflation, month over month % change?	No
Did DCAD use proper comparisons as required under USPAP and Law?	No
Did DCAD conform to USPAP?	No
Did DCAD examine SF rental income as a method to value SF homes?	No
Did DCAD study Standard Deviation of price as a method to value property?	No
Does DCAD have a system of checks and balance to prohibit corrupt data?	No
Did DCAD use Standard Deviation to determine the expected move of price?	No
Did the DCAD Board hire a Chief Appraiser capable of doing the job?	No

Did the County Tax Assessor Collector knowingly accept corrupt data from DCAD? **YES**

DID DCAD BREAK THE LAW, UPSAP, TEXAS CONSTITUTION, & US CONSTITUTION? YES

Did CADs across Texas follow the same non-enforcement of Appraisal Laws as DCAD? YES

In the mass appraisal process, DCAD has failed to consider "all available evidence" and "supply and demand" factors that affect property value:

The exact same methods of criminality exists in the CADs across the United States.

The net result of the root causes as outlined above is fraud on a mass scale.

2023 Notice Values in Denton County were over $30 Billion higher than 2022, 20+% higher. DCAD brazenly & recklessly increased values of properties for years, unchecked & without accountability.

The Chief Appraiser, Deputy Chief Appraiser, County Tax Assessor falsified the 2021 tax roll certification.

On face value, DCAD's valuations are not uniform & equal as required by the Texas Constitution. This has been the case for years and every Chief Appraiser has ignored the problem or willingly violated the constitutional rights of property owners, which is at a minimum a 3rd degree felony for those who signed an Oath of Office.

The Texas Constitution and most States Constitutions, requires taxable property be taxed in an equal & uniform manner. DCAD, HCAD, JCAD etc. did not fulfill the mandatory obligation of Sec 23.01(b), to base its appraisal upon individual characteristics that affect market value and consider "all available evidence" specific to value of property in determining market value.

Sec 23.01(b) also requires same or similar appraisal methods & techniques for same or similar properties. With records that are full of disparate valuations, they could not have used similar methods & techniques. DCAD has produced erroneous valuations due to software issues, limitations, & manipulations. Valuations that are greater than market value cannot be equal & uniform.

Denton County Home Affordability 2023 – Applicable with all CADs across the U.S.

Result and effect of their deception & overvaluation in violation of The Texas Constitution in "affordability" analysis.

72% of Denton County homeowners cannot afford average market value home.
With average market value at $514,082, only 27.29% can.
In 2021, 65.10% of households owned a home.
In 2023, 37.81% of households are at risk of losing their home (65.10%-27.29%).
Households need annual gross income of $189,500 to afford a $514,082 home.
With 2023 median household incomes of $109,126 the lender's housing-income ratio (48%>28%).
2023 median income household can only afford a home valued at $296,000
72.72% of Denton County homeowners would fail loan approval on $551,082 avg mkt home value.
Certified average home values of $514,082 are overvalued by 42% based on affordability.
($514,028 - $296,000 = $218,082. $218,082 / $514,082 = 42%)
Average home value in this dollar range ($514,082) are obviously being valued as if NEW.
DCAD is using new homes (bad comparisons) to value existing homes.
New construction homes should not be used as comparisons to older homes.

Denton County Home Affordability, 2021 and 2023 compared

Result & effect of their deception & overvaluation is evident in "affordability" comparisons.

In 2021, Median Household Income could afford a home valued at $358,300.
This $358,300 is higher than Median Home of $331,000 & Average Home of $339,784 for 2021.
In 2023, Median Household Income CANNOT afford $358,300 like 2021, but only $296,000.
13.36% estimate increase in Median Household Income from 2021 to 2023
40.45% increase in Median Home Market Values from 2021 to 2023.
51.30% increase in Average Home Market Values from 2021 to 2023.
Median Home Values have increased 3 times faster than Household Incomes.
(40.45 / 13.36 = 3.03)

The summary of the above is:

A.) There is no clear and convincing evidence to justify 20% increases year over year yet alone 420%. Thus, an irrefutable violation of every appraisal method, requirement, and law ever written. Mr. Vexler's Company owns the above-mentioned shopping center in Flower Mound.

B.) Based on the 140-property sample, what clear and convincing evidence exists to increase commercial property values in bulk by 80% year over year when the cash flows are generally flat? The answer is none, meaning that the initial notice of values is determined by hand, outside the confines of USPAP and the Texas

Property Tax Code and the Texas Constitution.

C.) What was the purpose to go from 6 class codes to 28 class codes, when there are no audits of data entry? DCAD thinks, let's just make it up...nobody will figure it out. "We are DCAD and the public has to trust us". The best descriptive words to describe this creation of categories is a scam, sham, and con and it gets worse in that even after the creation of these categories, DCAD simply increases the values to meet the pre-determined budgets of the Taxing Entities, all of which ends in a violation of the Texas Constitution.

D.) These class codes do not exist in many other Central Appraisal Districts and there is no uniformity of application.

It is the combination of the above facts created by government overreach and constitutional violations which are demonstrated in the graphics that define government creep, but the mathematical ramifications of violating the very existence of the Laws for the purpose of funding pre-determined budgets of the Taxing Entities (which in itself violates USPAP), shows the level of ignorance of the Central Appraisal Districts and lack of care or understanding for the very people and corporations that generate the revenue to begin with. What you see in the above graphics in Denton County alone is that over 100,000 homeowners today are severely impacted by what DCAD and its co-conspirators have done which is irrefutably illegal, heinous, and criminal.

You can now see exactly how fraud is perpetrated by the intentional misapplication of Market Value (Taxation of Unrealized Gains). We cannot stress enough the economic damage that will occur across the State of Texas to homeowners, commercial property owners and businesses, if this real estate tax is not repealed in favor of a Uniform States Sales Tax. We have the math that ties to the laws to show how bad this will be and it shows that the risk greatly outweighs the rewards of owning real estate and will cause a dramatic domino effect of bankruptcies not just of home owners and income property owners but to the mortgage holders, bond investors, which are pensions and 401Ks. Not repealing the real estate tax will have the effect of destroying the very fabric of everyday American life in that owning a home will be an impossibility for many people who strive to be owners and destroy any reason to own commercial property.

Year	Description	Trillions	Losses accrue to Mom and Pop	
2015	Start of parabolic run of housing prices at the CADs	$23,000,000,000,000.00		
2019	Continuation of parabolic run	$25,000,000,000,000.00		
2024	Pivot of parabolic run	$50,000,000,000,000.00		
	5 year Difference	$25,000,000,000,000.00		
	Inflation FED stated @ 2% /yr. Avg.	$2,500,000,000,000.00		
	Cumulative Fraud	$22,500,000,000,000.00	Mom and Pop	
	Fundamental Expected Value Pullback to 5 yrs. Ago	$22,500,000,000,000.00		45.00%
	Technical Pullback .618 FIB	$16,686,000,000,000.000	$33,314,000,000,000.000	66.63%
	Real Estate Tax @ 2% on the fraud	$450,000,000,000.00	Mom and Pop	
	School Districts Liability @ 83%	$373,500,000,000.00	Mom and Pop	
	Bond leverage at the school district level	$7,470,000,000,000.00	Roll up and Roll out	
	Interest @ 6% / year	$448,200,000,000.00	Compound Cumulative	
	Real Estate Taxpayer "implicit guaranty" - You don't own the land beneath your feet - to pay for their fraud.	$7,918,200,000,000.00	Equity Stripping	
	Investors in Bond = Pensions and 401Ks -further Equity Stripping		Rob Peter to Pay Paul on the backs of Mom and Pop	
	Insurance costs up on fraudulent overvaluation		Mom and Pop	
	Mortgages overvalued of fraudulent overvaluation		Mom and Pop	
	Each Real Estate Taxpayer owes today approx.	**$243,105.40**	Mom and Pop	
	Each Federal Taxpayer owes today approx.	**$1,139,000.00**	Mom and Pop	
	Total U.S. National + Unfunded + Local	**$1,382,105.40**	Mom and Pop	
	Average Home Mortgage	$400,000.00	Mom and Pop	
	Annual Real Estate Tax @ 2%	$8,000.00		

Parabolic home prices up 100% in 5 years create losses which accrue to the Property Owners (Mom and Pop). $21.25 Trillion in fraudulent overvaluation led to $450,000,000,000 in over taxation in 2024.

To give the Committee a more in-depth understanding of the gravity of this situation, the following is a list of Defendants and co-conspirators, many of which signed an Oath.

DCAD, it's Board, Appraisal Review Board (ARB), Chief Appraiser, Deputy Chief Appraisers, Previous Chief Appraiser, Employees, Denton County Tax Assessor ("DCAD and Defendant's"), Violated the Texas Constitution, their Oath, Texas Property Tax Code, Uniform Standards of Professional Appraisal Practice (USPAP0, membership in International Association of Appraisal Officers (IAAO), Texas Association of Appraisal Officers (TAAO), Texas Association of Appraisal Districts (TAAD), Appraisal Institute, Appraisal Foundation. and many other State and Federal Laws including The Constitution of The United States of America, also results in Discrimination against real estate taxpayers, which violates the Federal Civil Rights Act per the Department of Education of which Lewisville Independent School District (LISD) and Denton Independent School District (DISD) are beneficiaries as are all other Denton County Texas Taxing Entities. The Defendants' and co-conspirators (Including: Texas Appraiser Licensing and Certification Board (TALCB), Texas Department of Licensing and Regulation (TDLR), Texas State Comptroller (PTAD), DCAD's attorneys, LISD, and DISD) have also violated:

1st Amendment to US Constitution - censorship
5th Amendment to the US Constitution - due process of law
14th Amendment to the US Constitution - no prohibitions of due process of law

16 Amendment to the US Constitution - "direct taxes"
APA - Administrative Procedures Act - Ultra Vires
TPA - Texas Administrative Procedures Act
Sworn Oath – To defend the Constitutions of the State of Texas and United States of America.
Perjury
Aggravated Perjury
Tampering with Government Records
Fraudulent Filing of Financing Statements
42 US Code 1985 and 1986 - Conspiracy to Interfere with Civil Rights
(not all inclusive under Federal Law)

CADs Compared	2023 Johnson	2023 Denton	2024 Denton	2024 Brazoria	2024 Travis	2024 Tarrant
2023 Population	202,906	1,006,500	1,006,500	374,264	1,334,961	2,182,947
County Land Area, sq miles (excludes lakes)	725	878	878	1,386	990	864
Certified Total Report Data					Movie-Star Effect	
Total Market Value SF Residential	can't locate data	140,068,923,743	143,863,655,261	37,392,952,073	235,517,809,023	218,346,197,187
Total Count SF Residential		272,464	288,774	116,933	359,873	586,410
Average Market Value		514,082	498,188	319,781	654,447	372,344
Total Market Value, All Property	can't locate data	226,645,332,214	235,733,571,726	92,368,222,562	461,287,503,439	397,901,322,389
Total Count, All Property *see mineral counts*		470,529	454,673	245,627	482,336	1,901,617
Average Market Value per Parcel		481,682	518,468	376,051	956,361	209,244
*		* 90,609 G1 mineral props	* 60,297 G1 mineral props	* 20,157 G1 mineral props	* no G1 minerals on report	* 1,124,288 G1 mineral props
Data Point & Assumptions						
Mortgage Interest Rate	7.50%	7.50%	6.50%	6.50%	6.50%	6.50%
Average Insurance Rate, Texas	0.97%	0.97%	1.40%	1.40%	1.40%	1.40%
Property Tax Rate (combined: city,co,isd,etc)	1.86%	1.80%	1.89%	2.02%	1.95%	2.26%
Median Household Income (gross annual)	79,000	109,126	110,514	84,992	98,369	83,667
Review					Median per CAD 4/11/24	
CAD Average or Median Home MV	349,000	514,082	498,188	319,781	551,419	372,344
Down Payment	-34,900	-51,408	-49,819	-31,978	-55,142	-37,234
Mortgage Loan Amount	314,100	462,674	448,369	287,803	496,277	335,110
Median Household Income (gross monthly)	6,583	9,094	9,210	7,083	8,197	6,972
Mortgage Payment (30 yr loan princ + int)	2,196	3,235	2,834	1,819	3,137	2,118
Property Tax	541	771	787	538	896	701
Homeowner's Insurance	282	416	581	373	643	434
Total Monthly Housing	3,019	4,422	4,202	2,730	4,676	3,254
Mortg Lender Housing/Gross Inc Ratio	45.86%	48.62%	45.63%	38.55%	57.04%	46.67%
Income Needed to Afford CAD Home MV and be at 28%	129,398	189,504	180,080	117,021	200,408	139,447
Median Household Income Shortfall	50,398	80,378	69,566	32,029	102,039	55,780
Median Income Affordable Home						
Affordable Home MV	213,100	296,000	305,700	232,250	270,700	223,400
Down Payment	-21,310	-29,600	-30,570	-23,225	-27,070	-22,340
Mortgage Loan Amount	191,790	266,400	275,130	209,025	243,630	201,060
Median Household Income (gross monthly)	6,583	9,094	9,210	7,083	8,197	6,972
Mortgage Payment (30 yr loan princ + int)	1,341	1,863	1,739	1,321	1,540	1,271
Property Tax	330	444	483	391	440	421
Homeowner's Insurance	172	239	357	271	316	261
Total Monthly Housing	1,844	2,546	2,578	1,983	2,296	1,952
Mortg Lender Housing/Gross Inc Ratio	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
CAD Value Exceeding Affordability	64%	74%	63%	38%	104%	67%
CAD Average or Median Home MV	349,000	514,082	498,188	319,781	551,419	372,344
Affordable Home MV	213,100	296,000	305,700	232,250	270,700	223,400

Affordability Testing across Texas: In the middle of the chart look at the median household income shortfall. This is fraud!

An elaborate scheme (government overreach) of all these entities:

DCAD creates fraudulent income statements, uses comparisons in violation of USPAP, "manipulates 60,000 properties" (audio recording), builds into their valuations the pre-determined budgets of the taxing entities, negotiates values before protest hearings because they can't get to all the protests, issues a directive to ARB panels not to go below the homestead cap, all of which is a violation of USPAP, Texas Constitution and The Constitution of the United States of America and all of which create dirty data and corrupt databases. Our evidence proves that DCAD and its co-conspirators are not doing appraisals under any definition in law, are violating USPAP, and due to intentionally corrupt databases are incapable of arriving at a legitimate Market Value. **The same mathematical formulas apply across the State of Texas.**

There is no other answer other than an elaborate scheme (government overreach), and all these entities and people are participating in the scheme.

The State of Texas Legislature is the creator of DCAD with the authority – Glenn Hegar (State Comptroller), Ken Paxton (State Attorney General), Governor Abbot being the Executive, are currently responsible, yet PTAD (State Comptroller) stated they have no authority to enforce and there is "**NO ENFORCEMENT" MECHANISM and "if you don't like it, file suit with the local county Court"**. We have done so. The Executive Branch created this Agency – DCAD which is owned by the Taxing Entities. DCAD and its co-conspirators all exist as they are paid from the cash generated by real estate property owners. Then DCAD and its co-conspirators including the County Tax Assessor, create and allow for further abuse of authority by overvaluation and over taxation of the real estate taxpayers, outside of any Law and USPAP and this results in theft of real estate taxpayer money and therefore DCAD and its co-conspirators must be enjoined.

There cannot be this many violations of documents, requirements, organizations, USPAP, math, the Texas Constitution and The Constitution of the United States of America, but for intent.

What Is Civil Conspiracy?
Civil conspiracy occurs when two or more people agree to engage in a criminal act or an activity to accomplish an unlawful purpose or goal, with an injury to a bystander occurring as a result.

What is fraud?
The Association of Certified Fraud Examiners (ACFE) defines fraud as a fraudulent act made by a person or entity who knows that this error can result in losses to individuals or entities. Fraud is an act and action which is done intentionally, consciously, knowingly and desire to abuse everything that is held together, both in the form of company and state resources for personal enjoyment and then presents incorrect information to cover the abuse (Ernst and Young, 2017). It can be concluded that fraud is an act, and an unlawful act carried out by someone from inside or outside the organization that is done intentionally with the aim of gaining personal and group benefits but on the other hand also harms others (Ablrecht et al, 2012).

Mr. Vexler, wishes this Committee would be made aware of the above, and recognize two important components which are:

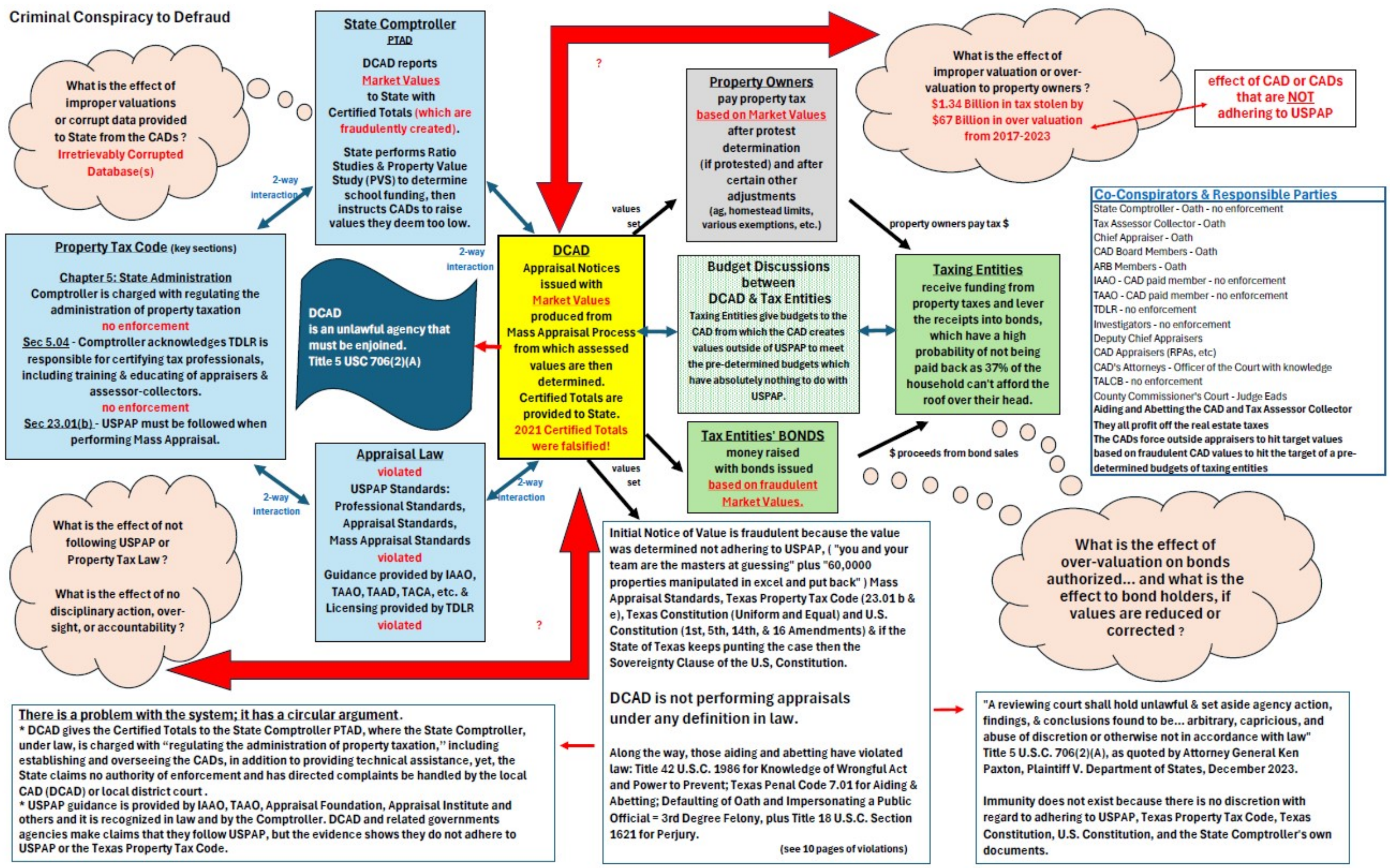
1. If a property is sold at a loss, would the State reimburse the taxes paid based on the overvaluation and over taxation of prior years? NO. There is no such mechanism, and the result would be unfettered and unregulated theft.

2. Can DCAD or a State or Federal Agency legitimately determine Market Value? NO. Clearly, we have the proof as listed above that the Government Agencies are subject to extreme corruption and Civil Conspiracy.

With regard to unregulated and unfettered theft, it should be pointed out that DCAD, being in violation of the 1st, 5th, 14th and 16th Amendments of the Constitution of the United States of America, and the Texas Constitution, checks the box of every requirement under RICO. In other words, the actions of DCAD by violating the Laws under which they are governed is tantamount to extortion and being in violation of RICO. Any delay in eliminating the real estate tax in favor of the Uniform States Sales Tax is just allowing the furtherance of unregulated and unfettered extortion.

This leads to the requirement and irrefutable fact that Market Value, so as not to be subjective, can only be determined upon sale between a willing buyer and willing seller, neither under duress, with cash in hand (confirmed closing).

To be clear, the ARB appeal process is a bait and switch where the taxpayer cannot protest or appeal on the actual levied assessed amount and can only appeal on the Market Value, which is a number derived by fraud in violation of USPAP and Mass Appraisal Standards. The Market Value is a derivative to continuously and cumulatively drive up the value to maximize the ceiling on the assessed amount no matter what the economics of the property are. To further expose the fraud, the Texas State Comptroller via the Property Valuation Study (PVS) requires the Chief Appraiser to go raise values if there is not enough money to shift to certain school districts. Below is the evidence of specific communities being targeted for increased values more than the averages of Denton County and these actions are outside of USPAP and any appraisal law ever written.



Overview: Flow of Intertwined organizations and resulting violations of law.

Review & Analysis of DCAD Certified Total Reports
Compare SF Residential: Denton County (G01) vs Aubrey ISD (S02)
Years Reviewed: 2018-2023

DENTON COUNTY (G01) DATA

Within 6 years the home total values doubled, while parcel count only increased 21%, & avg home value increased by 72%.

Single Family Residential	2018	2019	2019 % chg	total of % chgs	2020	2020 % chg	total of % chgs	2021	2021 % chg	total of % chgs	2022	2022 % chg	total of % chgs	2023	2023 % chg	total of % chgs	2023 v 2018 compared
SF Res Market Value	67,155,690,612	72,630,630,793	8.15%	8.15%	77,568,232,505	6.80%	14.95%	86,157,085,509	11.07%	26.02%	111,182,018,768	29.05%	55.07%	140,068,923,743	25.98%	81.05%	**2.09**
SF Res Property Count	225,099	233,272	3.63%	3.63%	244,887	4.98%	8.61%	253,564	3.54%	12.15%	267,603	5.54%	17.69%	272,464	1.82%	19.51%	**1.21**
SF Res Avg Mkt Value	298,338	311,356	4.36%	4.36%	316,751	1.73%	6.10%	339,784	7.27%	13.37%	415,474	22.28%	35.64%	514,082	23.73%	59.38%	**1.72**

AUBREY ISD (S02) DATA

Within 6 years the home total values tripled, while parcel count doubled, & avg home value increased by 73%.

Single Family Residential	2018	2019	2019 % chg	total of % chgs	2020	2020 % chg	total of % chgs	2021	2021 % chg	total of % chgs	2022	2022 % chg	total of % chgs	2023	2023 % chg	total of % chgs	2023 v 2018 compared
SF Res Market Value	780,634,874	862,918,331	10.54%	10.54%	984,261,630	14.06%	24.60%	1,227,459,192	24.71%	49.31%	1,821,052,580	48.36%	97.67%	2,640,333,173	44.99%	142.66%	**3.38**
SF Res Property Count	3,587	3,933	9.65%	9.65%	4,348	10.55%	20.20%	5,130	17.99%	38.18%	6,686	30.33%	68.51%	7,025	5.07%	73.58%	**1.96**
SF Res Avg Mkt Value	217,629	219,405	0.82%	0.82%	226,371	3.18%	3.99%	239,271	5.70%	9.69%	272,368	13.83%	23.52%	375,848	37.99%	61.51%	**1.73**

Compare the Increase in Average Market Value from 2022 to 2023.

Aubrey ISD Average Market Values were raised much higher comparatively.

Aubrey ISD / Denton County	37.99% / 23.73%	=	160.08%	or	60.08%	higher

Average Market Values of homes were on average raised at a rate of 60% higher for Aubrey ISD as compared to Denton County overall.

Above aligns with Spencer's statements in the 10/12/23 DCAD Board Meeting regarding 3 ISDs that were outside the State's confidence interval for 2 years.

The Appraisal District has been raising values higher and or faster in Aubrey ISD to satisfy the State's Ratio Study (Property Value Studies, PVS) & School Funding parameters.

Note, the Ratio Study in recent years is flawed; PTAD does not understand or recognize the fraud being committed by DCAD in the appraisal value process.

Furthermore, PTAD (State Comptroller) is not performing appraisals. How would they know what the values should be?

Real Estate Tax Targeting of municipalities including Pilot Point, Sanger, Aubrey Chart – 60% higher than Denton County Average

The following are audio testimony and evidence:

In the February 15th 2024 DCAD Board Meeting Chief Appraiser Don Spencer praises himself & his team for getting the values where they needed to be, particularly the 3 school districts that had been flagged as invalid in 2021 & 2022, and passed the 2023 Property Value Study by the State.

Board members compliment Spencer for this accomplishment, with one member saying, "they are truly masters at guessing."

https://www.dentoncad.com/wp-content/uploads/2024/02/021524.mp3

"Masters at guessing". Where in the Texas Property Tax Code, Texas Constitution, USPAP, Mass Appraisal Standards is the word guessing and who in law under these real estate laws has the right to guess?

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In the October 12th 2023 DCAD Board of Directors Meeting, Deputy Chief Appraiser Chris Littrell, Deputy Chief Appraiser Jeanne Ashlock, & Chief Appraiser Don Spencer tell the board they perform software "work arounds," are "manipulating" the property tax value data, and later discuss that they are raising values on 3 ISD's to get into "confidence interval" for State.

https://www.dentoncad.com/wp-content/uploads/2023/11/Board-Recording-101223-1.mp3

"Work arounds" and "manipulating". Where in the Texas Property Tax Code, Texas Constitution, USPAP, Mass Appraisal Standards is the words work around and manipulating, and who in law under these real estate laws has the right to do a work around and manipulate the tax value data?

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Audio Recordings – Evidence

- **Minute 27:11 to 28.47: Deputy Chief Littrell discusses visit to Bexar CAD & the CADs sharing "work arounds" in the CAMA software programs.**
- **Minute 31:06 to 33:28: Deputy Chief Jeanne Ashlock discusses correcting value info "outside" of the software.**
- **Minutes 36:38 to 39:30: Chief Appraiser Don Spencer justifies & discusses correcting 60,000 property record values outside of the software by exporting, changing & re-loading data. Tax Assessor Collector Michelle French comments on the enormity of the task being done in excel and on the potential for error.**
- **Minutes 41:18 – 46:03: Spencer discusses raising market values for properties of 3 ISDs that in 2021 & 2022 had fallen below the Comptroller's confidence interval (95% to 105%).**

Software Work Arounds & Data Manipulation:

Deputy Chief Appraiser, Chris Littrell, Minute 27:11 – 28:47: DCAD staff are going to Bexar CAD to learn everything they can about their operations. DCAD has been communicating with Bexar CAD this past year regarding CAMA system problems. **"There's a lot of workarounds that have to happen with our current software program**. So, we're calling them, what's your fix? They're asking us what's your fix, and together we're trying to formulate those ideas of how… we improve when things are just limited with what we have."

Deputy Chief Appraiser, Jeanne Ashlock, Minute 31:06 – 33:18: Ashlock says that DCAD is addressing software issues "outside" of the software system because it cannot provide the correct value info for tax billing. Employee, Rebecca, has to go in and correct data "on the back end."

Deputy Chief Appraiser, Jeanne Ashlock, Minute 36:10: Jeanne Ashlock comments about not contacting software vendor… "Honestly, we really haven't reached out to them much, because luckily, we have Rebecca that has taught herself really. **She has kinda had to, how to do things in the database."**

Chief Appraiser, Don Spencer, Minute 36:38 – 37:45: Don Spencer justifies Rebecca **"running the process outside of the software"** because of trying to meet deadline, had to make business decision, and that he can trust her process. And continues **"even as unfortunate as is because what she's having to do is pull data out**

<u>of the system, manipulate the data, and then put it back into the system…".</u>
<u>Chief Appraiser, Don Spencer, Minute 38:21</u>: Spencer says over 60,000 properties are being corrected outside of the software by Rebecca.

<u>Tax Assessor Collector, Michelle French, Minute 38:42</u>: Michelle French discusses the complexity of Rebecca's work in excel with these records and that the "**<u>potential for any type of error just exponentially explodes."</u>**

<u>Chief Appraiser, Don Spencer, Minute 39:07</u>: Spencer says Rebecca has to take "extra step once she's put it back in" to check for errors. [39:30]

<u>Property Study Findings: Raising Values on 3 ISDs (Aubrey, Pilot Point & Sanger) Outside of Confidence Intervals:</u>

<u>Minute 41:18 – 46:03:</u> Spencer discusses market values for properties of 3 ISDs in 2021 & 2022 have fallen below the Comptroller's confidence interval (95% to 105%). 2022 was close at 94%. If fall below for a 3rd year, State will "assign" their value, and State values have been historically higher. If assigned this higher value the "long funding formula" calculations will indicate a higher tax revenue being generated, meaning they won't need as much funding. "The school district could be harmed through this process." He goes on to say the valuations for the area of these ISDs, in Northern Denton County, were hit harder than other areas. "**<u>We really raised the values, to try to get to what we can see as market value. And I feel confident that we're going to be back in."</u>** (He feels they will be back in the confidence interval with/for the State.)

This same criminal behavior has replicated itself across Texas and the United States because the CADs copy from each other.

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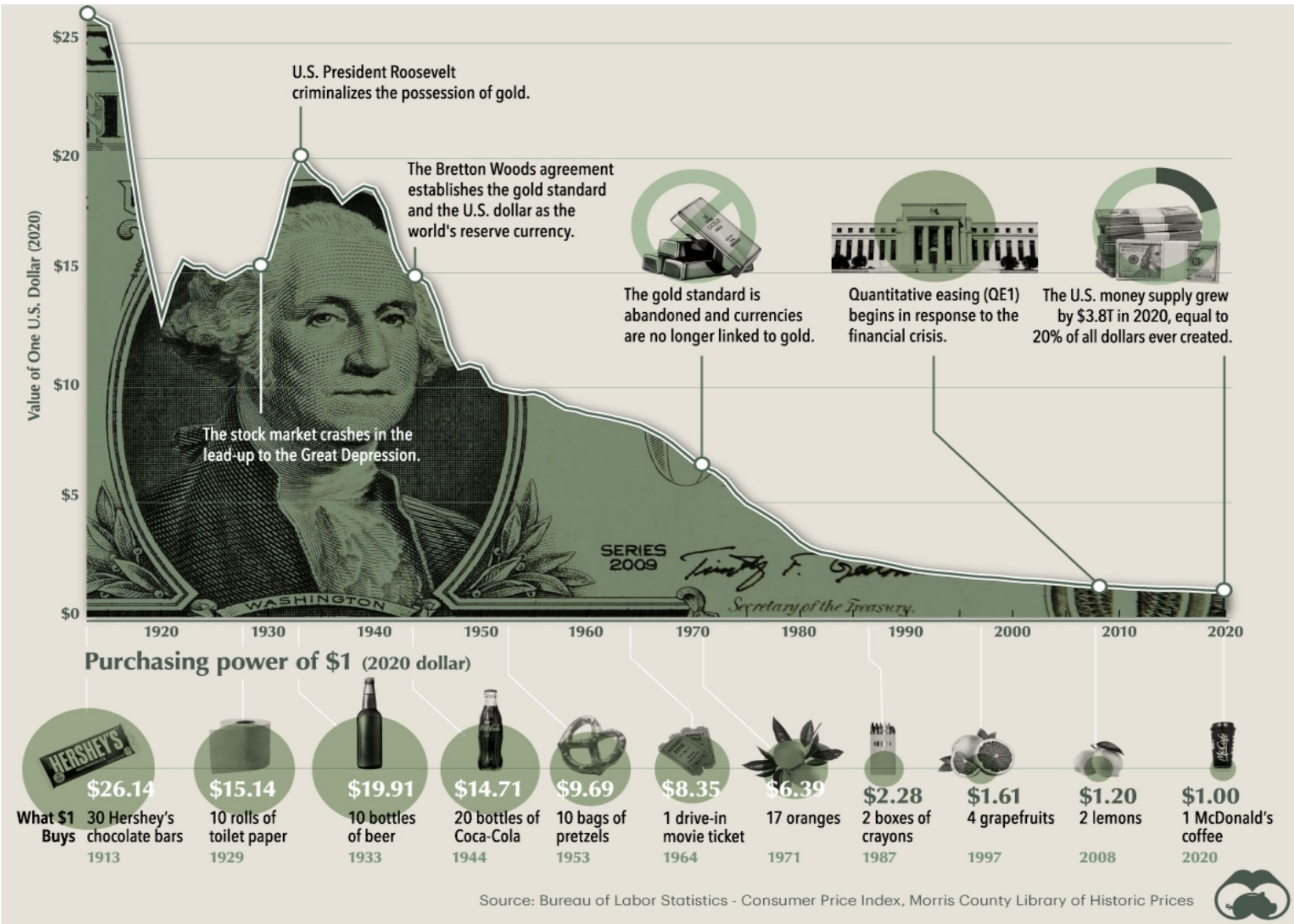
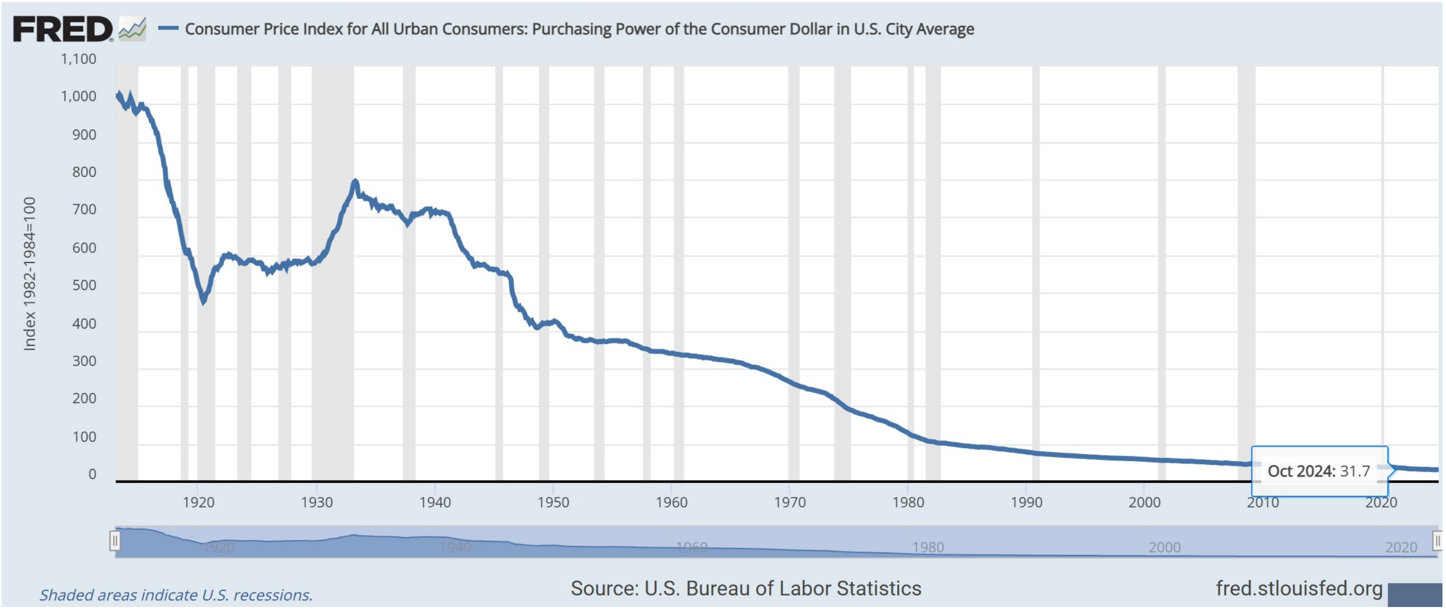
Taxation of unrealized gains (aka Market Value) in violation of the 16th amendment, considering government creep, literally and mathematically means that there would be no probable way for any property owner to make money on their assets in the short term or the long term because of the compound cumulative effect of the overvaluation and over taxation reduces the profit, if any.

What is lost in the depth of these issues, is that allowing Taxation of Unrealized Gains (Market Value) is cause and the exact definition of bankruptcy where the liabilities are greater than the assets. Further, the home income to debt ratio under the above scenario would breach 60% (Bureau of Labor Statistics, HUD, FHA, and Lenders utilize 28%) and this means that the average Denton County household could not afford a $150,000 home let alone a $350,000 home or as currently claimed by DCAD a $514,000 median value of a home.

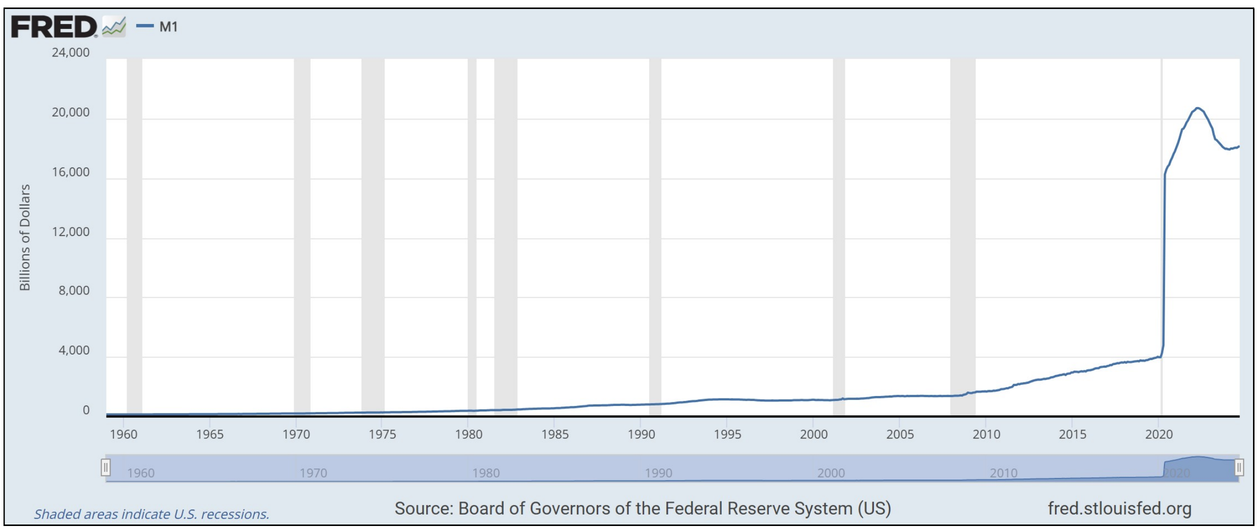
16th Amendment to The Constitution of the United States of America - In the years 2016, 2017, 2018, 2019…2023 and prior to the creation of The Constitution of the United States of America, there were and are no laws in the United States that allow Taxation of Unrealized Gains / Market Value. The government overreach as evidenced herein is trying to create Taxation of Unrealized Gains / Market Value, without understanding the ramifications of such action which bring us to where we are…the tipping point. The State of Texas Legislature which created the Taxing Entities which own the CADs and the State Comptroller which allegedly oversees DCAD and the CADs, and the Executive Branch at that time did a work around the U.S. Constitution and have violated the 16th Amendment which states "Congress to lay and collect taxes on incomes, from whatever source derived". This is why it says, "taxes on incomes". Then as now, income was understood to refer to gains realized by a taxpayer through payment, exchange, or the like, not merely increase in value of property. Appreciation in the value of a home or other asset is not income until it is sold, and the gain realized, and no property should be taxed on sale or based on market value. We would be remiss if we did not point out that the appreciation in value (inflation) is directly correlated to the decrease in purchasing power of the U.S. dollar which neither DCAD and its co-conspirators take into consideration which ends up being the equity stripping of Mom and Pop.



Decreasing Purchasing Power



Decreasing Purchasing Power

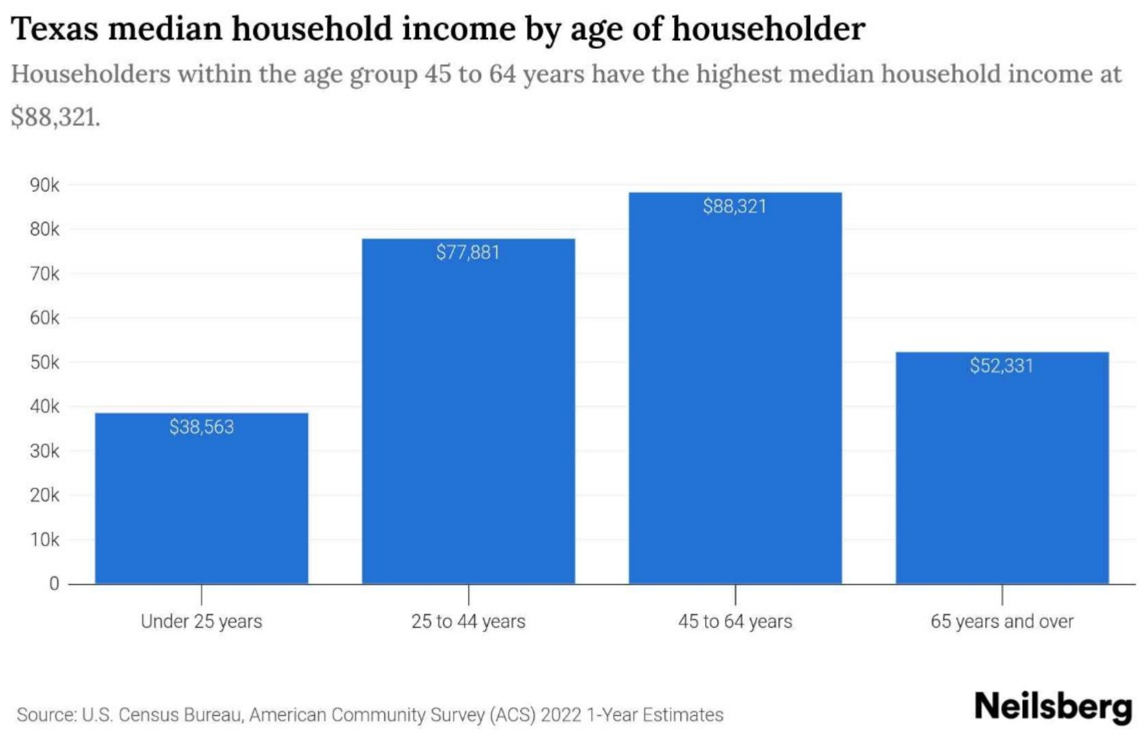


Rising Inflation

Questions	Why have credit card defaults spiked?			
	What has inflation done?			
	How does Real Estate Tax cause bankruptcies?			
	Why is Consumer Purchasing Power Slowing?			
Evidence	Household Expenses per Government Estimate			
	Housing Expense (maintenance, utilities, insurance, etc.)		$10,958	
	Mortgage Expense (with mortgage loan of $272,051)		$26,508	
	Home Real Estate Tax (Property Tax)		**$7,000**	
	Transportation		$12,258	
	Food		$9,340	
	Personal Insurance and Pensions Social Security		$8,756	
	Entertainment		$3,456	
	Cash Contributions		$2,760	
	Healthcare		$5,856	
	Personal Care		$864	
	Apparel		$1,944	
	Average Total Expenses per Household (Govt Est)		**$89,700**	*
	Average Monthly Expenses per Household (Govt Est)		**$7,475**	
	Average Annual Expenses Family of 4 (2nd Govt Est)		**$101,520**	
	Average Monthly Expenses Family of 4		**$8,460**	
	Median Household Income, 2023 census.gov		**$80,610**	*
	Minus Average Expenses		**-$89,700**	
	Net in your pocket	**it's short !**	**($9,090)**	
	Real Estate Tax as a percent of the cash shortage		**77.01%**	
	ADD - Taxpayer's "Implicit Guarantee" or Share of Govt Debt (Sept 2024 estimate)			
	Local Outstanding Bond Debt, per Denton County Texas home		$243,105	
	U.S. National + Unfunded Liabilities, approximately per taxpayer		$1,131,944	
	$163,000,000,000,000 total/ 144,000,000 taxpayers			
		Combined Total	$1,375,050	
	Monthly Amortized Cost of Govt Debt , 25 years at 6.25% (rounded)		**$9,000**	
	Annual Amortized Cost of Govt Debt, 25 years at 6.25% (rounded)		**$108,000**	*
Answers				
Median Household Income $80,610 is not enough to cover estimated annual home/living expenses of $89,700.				
Income of $80,610 is not enough to cover estimated annual home/living expenses of $101,520 for family of 4.				
So it cannot possibly cover the taxpayer's "implicit guarantee" of another $108,000 of govt debt per year.				
Household's consumer purchasing power is slowing and short			**($9,090)**	
Family of 4's consumer purchasing power is slowing and short			**($20,910)**	
With not enough cash to cover expenses, spending has tightened & credit card use has increased.				
Not to mention the taxpayer's "implicit guarantee" or share of govt debt...that can never be collected.				
Median household Income			**$80,610**	*
Estimated Annual Expenses			**-$89,700**	*
Estimated Taxpayer Share of Debt, "implicit guarantee"			**-$108,000**	*
			($117,090)	
This proves that the implicit guarantee in nonsense & violates State & Federal RICO laws.				
Real Estate Tax as a percentage of Median Income...			**8.68%**	

Roughly 9% ($7,000.00) of a median income goes to real estate tax on homes.
The average household is short roughly $9,000 per year of which $7,000 is real estate tax.
The difference of surviving or bankruptcy is the real estate tax.

The Rule of 72 shows that depending on the interest rate, the debt will double every 5 to 7 years and this assumes that the government spending stops on the day of the analysis. **The vast majority of households today do not have the money to pay off the real estate tax, so what happens in 5 to 7 years from today, following roughly 30%+ of the households going bankrupt in between today and 5 years from today?**



Incomes do not keep pace with inflation. Incomes do not keep pace with a tax on inflation.

In addition to DCAD and the CADs (Texas and U.S.) fraudulently creating Market Values, its existence as an unlawful agency, in violation of the 16th Amendment (not all inclusive) and wherein the Market Values are being used as a basis from which to create the Assessed Value and charge a real estate tax is Taxation on Unrealized Gains.

Millions of people (143,000,000 homeowners) across the United States will be irreparably harmed if Taxation on Assessed Value derived from the Market Value which is an Unrealized Gains, is not stopped. For the above reasons and evidence, this Committee must recognize that no government Agency or Taxing Entity or Tax Assessor Collector has in the history of the United States ever determined what Market Value is as of any date, because there must be a confirmed closing to truly determine Market Value. In the case of DCAD and other Texas CADs, if given the opportunity to determine Market Value, the Entities abuse their authority as granted by the Executive Branch of the State of Texas which causes a waterfall effect of incorrect valuations throughout it's databases and further throughout the underpinning of the economy including lenders, bond investors, mortgage holders, and property owners. The most basic element of USPAP, is to determine Market Value which DCAD and other Texas CADs along with their co-conspirators chose to ignore in favor of fraudulent income statements, comparisons which are not comparisons, overwriting by hand the values that DCAD and the CADs do not like to meet a pre-determined budget created at the Taxing Entities all of which has nothing to do with USPAP, Texas Property Tax Code, Texas Constitution, The Constitution to the United States of America, or math required under those laws.

In Denton County Texas alone, there are tens of billions of dollars at risk as a result of a minimum 30% overvaluation and over taxation of property values, which directly impact bond values (20 to 1 leverage) and mortgage values (amortization leverage) and touches the lives of every real estate taxpayer. Our spreadsheets show that roughly Sixty Billion Dollars ($60,000,000,000.00) worth of Bond and Mortgage investment may not be returned, as a direct result of the fraudulent overvaluation and over taxation by DCAD and its co-conspirators. As seen in the graphics above, 70% of the homeowners in Denton County Texas cannot afford the average Market Value home in Denton County Texas as claimed by DCAD’s fraudulent overvaluation for 2023 as compared to 2021. How many homeowners have had to decide whether to sell a car or not to buy medicine to keep a roof over their head? You have seen 37.81% of households in Denton County Texas are at risk of losing their home as the debt-to-income ratios do not work. Extrapolating across multiple districts in Texas and the U.S. that utilize / violate Market Value under USPAP in their CADs, then it is easy to understand that 30%+ of the homeowners across all those Counties (approx. 3,143) are facing bankruptcy. There is no more money to pay for the ever-increasing pre-determined budgets of Taxing Entities. What we have seen is enough evidence to place many school districts into involuntary bankruptcy.

The term cumulative compounding is another term that Mr. Vexler came up with to help describe the equity stripping of Mom and Pop because it is the opposite of an amortization schedule which pays off overtime. If the debts of the government (Local and Federal) are rolled out and interest rates rolled up, that is the cumulative compounding effect which in fact is fraud by omission created at both levels of the government. The intent to defraud is laid bare when no school district that we have seen yet has produced a bond schedule, balance sheet with proper notes, and a source and uses. In addition to the fraud created by the local Taxing Entities and the CADs, the Federal Reserve created another layer of fraud known as inflation, both of which impact the ability of property owners to pay the real estate tax and survive. In other words, the FED and the CADs are both purveyors of fraud on a mass scale and the CADs tax both frauds.

As an important note, which one of the banks who sold the school bonds (to the Pensions, 401Ks, Mom and Pop), did the due diligence on the source of the revenue paid to the Taxing Entities / School Districts, to determine that the underlying tax receipts were created by fraud (over valuation resulting in over taxation)??? Who is the bond underwriter??? Who are the attorneys responsible for aiding and abetting a criminal conspiracy to defraud???

The Suit filed by Mr. Vexler against DCAD and individuals unwinds the intentional layering of complexity, which subterfuge is designed by highly compromised individuals, and entities to defraud real estate taxpayers in violation of the Texas Constitution, and a multitude of other State and Federal laws.

DCAD it's Board and employees have violated the requirements and laws of each of its affiliated entities and those entities chose to turn a blind eye to the fraud, which makes them a co-conspirator in a conspiracy to commit fraud.

It is DCAD's documents and the documents of its governing bodies which form the basis of our analysis. In plain language, it is their documents, audio recordings, press releases, videos, depositions, and certifications.

By applying proper statistical analysis to DCAD’s documents, the truth that is hidden by DCAD and its co-conspirators becomes irrefutably evident.

"<u>a reviewing court shall "**hold unlawful and set aside agency action, findings, and conclusions found to be … arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.**" 5 U.S.C. § 706(2)(A)".</u> **DCAD and the CADs are UNLAWFUL agencies that must be enjoined.**

The non-enforcement of laws by the very creators of those laws, creates the circumstance to allow arbitrary, capricious, abuse of discretion and multiple violations of Law (State and Federal) to occur, just as DCAD, JCAD, HCAD and many others have proven it can be done, until caught. The pattern and practice is crystal clear. DCAD and many other CADs have now been caught. This Committee via this document, now has the knowledge of what was done and the obligation in law to prohibit further violations of law.

The only denominator that matters is the **<u>median household income</u>**. Nothing else!

We are at the clear tipping point. This is not sustainable. There is no alternative but to repeal the real estate taxes in favor of a Uniform States Sales Tax. Where will the money come from to cover the U.S. National Debt + Unfunded Liabilities (roughly $1.1 million) + Local Debt (roughly $240,000) which amounts to roughly $1,380,000 per household at an amortized cost of roughly $9,000 per month at 6.25% for the next 25 years above the current household income? The State of Texas, by lack of enforcement, chose to intertwine the success of its Citizens with the debt allowed to be created by the Federal Reserve who did not contain the excessive spending.

Asset values rise and fall but debt obligations are fixed.

Debt to GDP is important to understand and realize that it can't be paid off.

When Lehman Brothers collapsed the debt to GDP was 40% in 2008. Today it is roughly 120%, that is a 300% increase.

The U.S. fiscal ability to deal with a financial crisis has declined to the point of the eventual loss in confidence in the U.S. Dollar.

To understand what this means, let's break it down to a family with a gross income of $100,000 and a debt load of $40,000. After all of their other expenses they can likely service the debt with no issue because the leverage is capped.

Now 20 years later let's say their gross income is the same $100,000 but their debt load is $120,000.

The probability of paying off this debt is near zero in the next 30 years even with reasonably interest.

The government / FED is inflating away the net present value of its obligation, meaning they will pay it off with cheaper dollars from the devaluation of purchasing power. We have already shown that incomes do not keep up with inflation which reduces the ability of the Citizens to maintain a standard of living to the point where over 30% of the homeowners today cannot afford the roof over their head.

Between 1970 and 1980 the purchasing power of the U.S. dollar declined by 75%.

If you believe that Social Security, Military Pensions, Medicare, Medicaid, Teacher Pensions will be honored, then you must realize that the purchasing power of those dollars paid in the future will decrease meaning the current dollar buys less goods, yet the obligation on paper is being bought down with cheaper dollars via inflation. The purchasing power of those dollars you will receive in the next 10 years has a high probability of being reduced by 75%. Let's say in 10 years you may receive $4,000 in Social Security, which sounds ok today, until you realize that the purchasing power of that payment will likely be just $1,000, which by then may be the equivalent of 2 grocery carts of food.

The FED changed the definition of CPI now to **exclude** food (groceries), fuel, health insurance, tax, and increased costs of goods and services which are arbitrarily assigned a value. Has your cost of living only increased by 2.6% per year over the last 5 years as stated by the FED? Has your cost of health insurance only gone up 2.6% per year? Have your groceries only gone up 2.6% per year? How about your rent? The purchasing power of the U.S Dollar has declined by at least 7.5% compounded per year over the last 5 years.

If you are planning for retirement and your thought process is based on an adequate life today and your project forward 10 years using realistic inflation assumptions, your income may not be sufficient to maintain your retirement living standards. We are at the tipping point.

The purchasing power of the cash you have in the bank is probably diminishing by 7.5% per year compounded.

If you rely on the government for subsidies, you are in harm's way. Capping tax increases via the Circuit Breaker, Homestead Exemptions, ARB Panels are not dealing with the root cause and were only created out of ignorance to push the can down the road and that had a major cost on the property owners which has cumulatively compounded. The politicians can no longer bury their head in the sand and or create more counter-productive measures and all must take an active role in eliminating the real estate taxes in favor of a Uniform States Sales Tax.

Constitutional History and current evidence of DCAD and Texas CADs and their co-conspirators shows us that Market Value cannot and should not ever be in the determination purview of any governmental agency. Market Value is not a fact and is subjective in nature. A confirmed closed sale of the property in question creates a factual and objective determination from which taxes (income and capital gains) can be determined.

"The purpose of a lock on a door is to stop an honest man from temptation". The same can be said for rules & laws. They are in fact locks on the door. Either the laws of USPAP, Texas Constitution, The Constitution of the United States of America, Texas Property Code, Texas Administrative Procedures Act, Administrative Procedure Act, Mass Appraisal Standards, IAAO, TAAO, Texas State Comptroller & TDLR exist, or they don't. Unfortunately, the lack of enforcement has put this Committee in the position of having to repeal the real estate taxes in order to prohibit the bankruptcy of 30%+ of its households in the State of Texas.

The Federal Reserve is "independent" of the government. **NO, it is not!** Although the Federal Reserve has argued vehemently in federal court that it is "not an agency" of the federal government and therefore not subject to the Freedom of Information Act, in fact, the Federal Reserve would not exist but for Congress granting its existence. This mirrors the exact same nonsense where the State of Texas created the Taxing Entities which own the Central Appraisal Districts (which commit fraud) and then the State (State Comptroller, TDLR, TALCB) claim they have no authority to enforce. Therefore, in both cases the government (State and Federal) are the purveyors of fraud on a mass scale. If no one has the authority to enforce the law, then there is no law as law must exist to protect both parties of the contract. This is the exact point we are making in the current lawsuit now at the Fort Worth Court of Appeals.

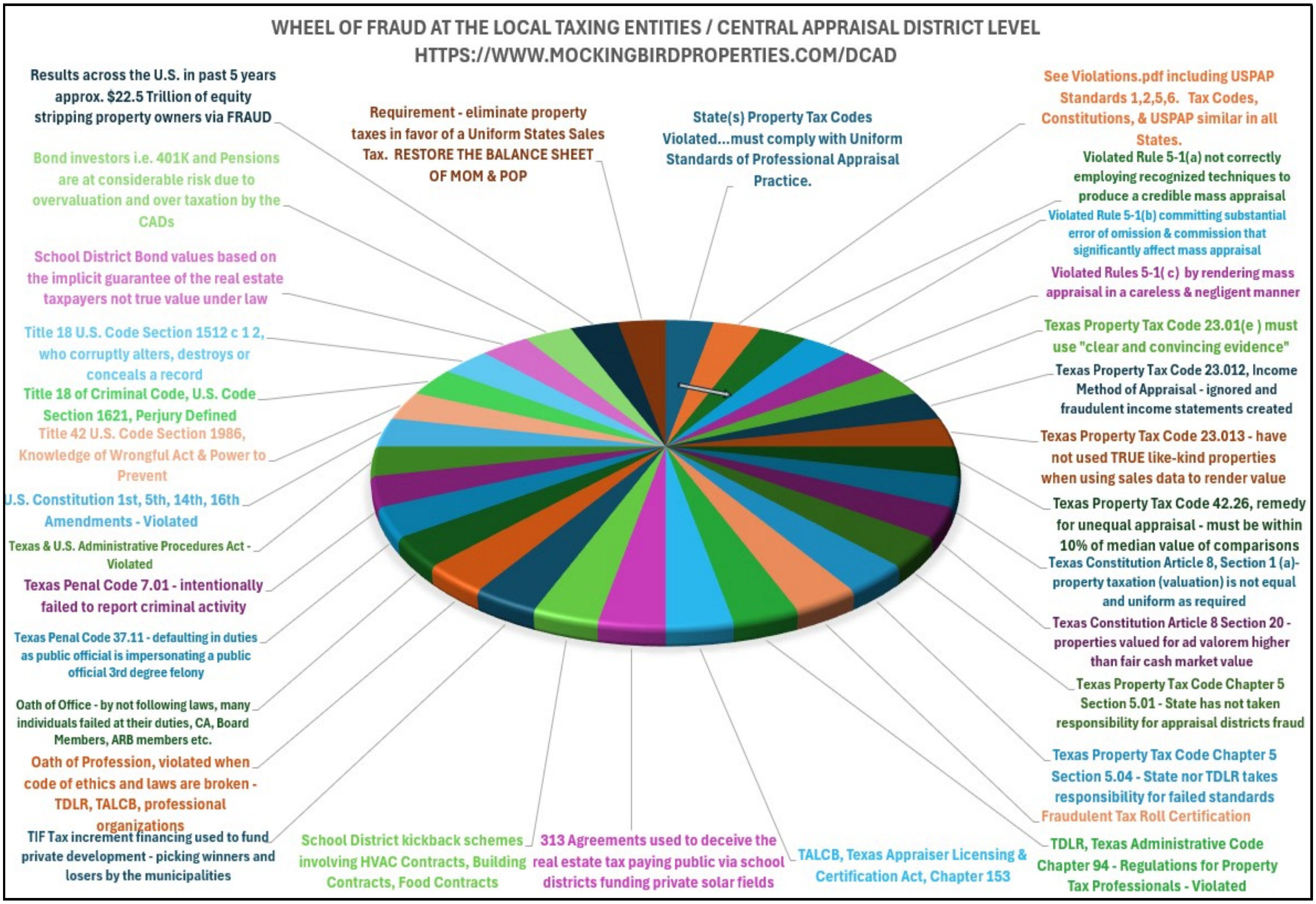
As part of the history of the issues one must understand that when the State set up the ad-valorem taxing method it was corrupted from the very beginning by issuing and allowing for exemptions. No matter what type of exemption you want to call it, it creates an unfair and multi-tiered layered society. State leaders through bad legislation created a system of ranking and worth among its citizens.

When the state set up the Chapter 313 Agreements it simply made the statement the state's previous funding system was flawed from the beginning. The government's only answer is to pile on more laws and statutes that further complicate things and make it impossible to keep up with how money is being spent and or wasted. See the Overview graphic above.

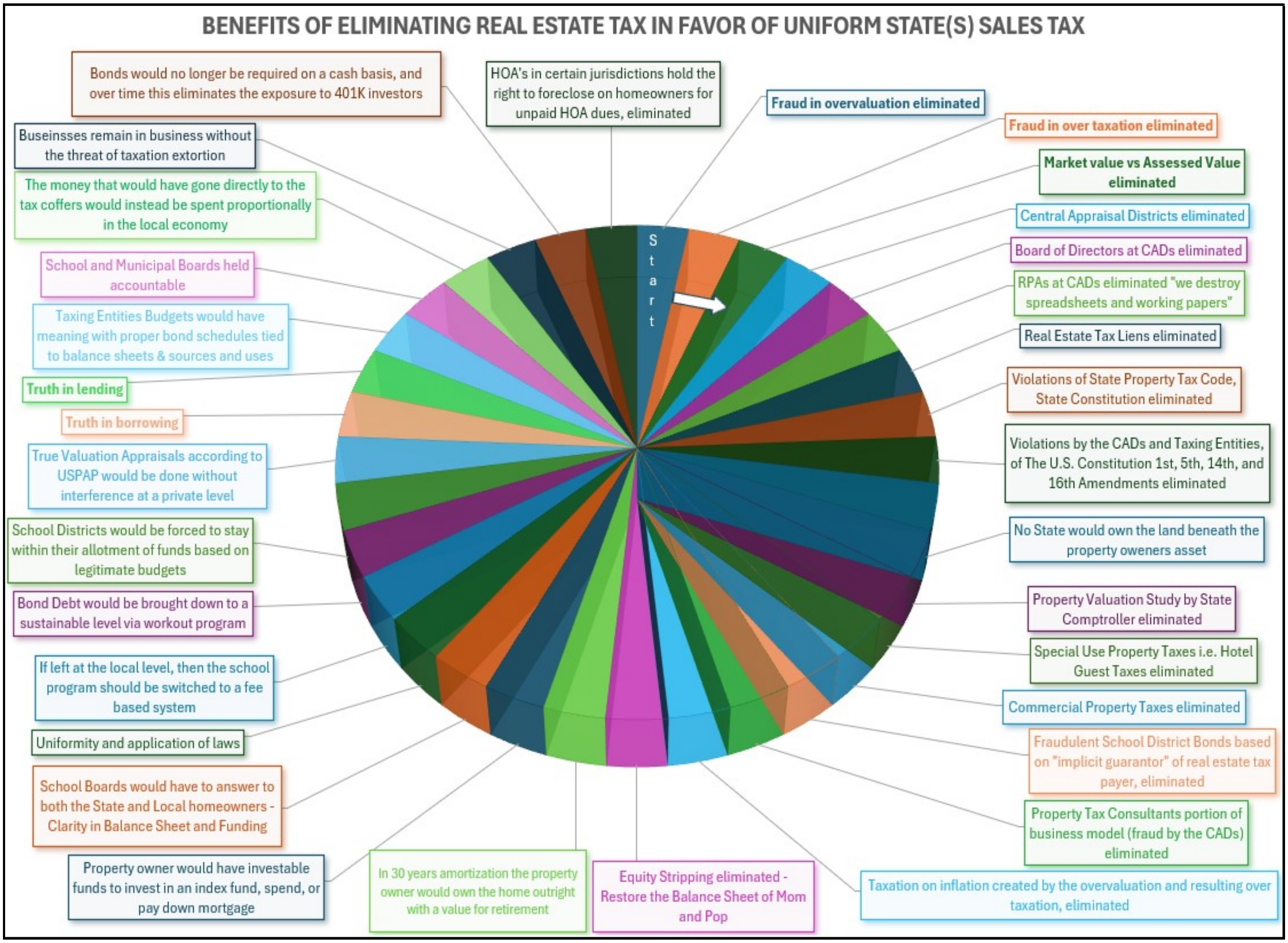
In addition, there are multiple issues pertaining to conflict between state and federal law and legislation. See below.

A. Chapter 313 Agreements award huge tax breaks to solar farm companies while the federal government is imposing tariffs on solar panels coming from China.
B. The state Comptroller's office allows solar farm companies to use depreciation schedules for solar farms that have already received huge tax breaks from local school districts at the expense of taxpayers with 313 agreements.
C. There are multiple issues with the depreciation schedules at the state level and what is reported at the federal level with the IRS regarding solar farm contracts.
D. Taxpayers have been left out of the decision process as required by law when it comes to debt obligations and financial impact from Chapter 313 Agreements.
E. The State and local school districts have hidden the cost of operating schools for decades by allowing and using off-balance sheet lease term agreements to fund multi-million-dollar energy contracts. These contracts violate the competitive bid requirements at all levels of government in the state including school districts. The recent investigation and conviction of multiple public officials in the Rio Grande Valley and the La Joya ISD are proof the state of Texas has lost all control of what is going on in local school districts.

If there was ever a time that the Constitutions of the United States of America and Texas Constitution should stand stronger, now more than ever, is that time. The Bill of Rights became part of the US Constitution on December 15, 1791 because James Madison and Thomas Jefferson understood the need to guard against the government's inclination to abuse its power.



Wheel of Fraud.



Benefits of Eliminating Real Estate Tax in favor of the Uniform States Sales Tax.

De-levering institutions such as the school districts and Taxing Entities have multiple benefits including eliminating the non-productive fat in the system, reducing debt loads to zero, allowing for a backup fail safe system (safety net of owned assets from which to possibly retire on) to be created.

All one must do is look at the disaster that is California. Graft, corruption, incompetence, negligence, gross negligence, political posturing, all led to no water in the fire lines, no emergency escape routes synced to move large volumes of traffic, no desalinization plants, 180,000 people displaced, fire equipment sent to foreign lands, brush not being cleared, taxes paid with zero return and now negative return that will be in the trillions of dollars in losses, massive unemployment and major destruction of an economic engine. This Committee has the irrefutable obligation not to let Texas go the way of California or the entirety of the United States to go the way of California!

I sincerely believe…that the principle of spending money to be paid by posterity under the name of funding is but swindling futurity on a large scale" – Thomas Jefferson 1816

"Those who have the privilege to know have the duty to help". Einstein
"They who can give up essential Liberty to obtain a little temporary Safety, deserve neither Liberty nor Safety". Benjamin Franklin

We pray that this Committee of the State of Texas will recognize the facts herein and realize the only solution to restore the balance sheet to the Property Owners, allow them to own the land under the assets, and stop the cumulative compounding of the fraud is the elimination of the real estate taxes in favor of the Uniform States Sales Tax.

In addition to this Amicus Brief, attached hereto please find a copy of a proposed Bill for the purpose of repeal of all real estate and personal property tax in favor of a Uniform States Sales Tax that will correct the vast majority of issues, fund what truly needs to be funded, eliminates multiple duplicative unwarranted expenses allowing for more money to enter into the economy and putting all Citizens on an even playing field (Uniform) and allow Texas to be the leader across the Nation in economic stability.

Conclusion

Roughly 9% ($7,000.00) of a median income goes to real estate tax on homes.
The average household (37% at risk of losing their home and 65% can't afford the claimed median home value) is short roughly $9,000 per year of which $7,000 is real estate tax.
The difference of surviving or bankruptcy is the real estate tax.

Those who vote against the elimination of real estate tax in favor of a Uniform States Sales Tax are voting against their own family, friends, neighbors, constituents and placing 30% + of the households in bankruptcy.

Title 42 U.S. Code Section 1986, Knowledge of Wrongful Act & Power to Prevent.

Do not make the law irrelevant.

Extraordinary circumstances require extraordinary leadership. Texas can lead in the solution or put it's Citizens in imminent harm's way of bankruptcy. Eliminating a corrupt bankrupt system and prohibiting future financial leverage in the school districts, so that it never happens again is non-negotiable. As there is no alternative, I strongly suggest the immediate elimination of real estate tax in favor of the Uniform States Sales Tax.

Eliminating the real estate tax in favor of the Uniform States Sales Tax, across the U.S., will inject over $1 Trillion back into the economy within 12 months.

Respectively submitted,

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