

Open Letter

2/16/24

Is Inflation Constitutional?

Is Property Tax on Inflation Constitutional?

Update on Denton Central Appraisal District Lawsuit.

A quick overview of deep corruption.

Fifth Amendment Constitution of the United States of America *"...nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation."*

The Federal Government is primarily financed in two ways: Collecting tax revenues and borrowing money (issuing bonds). States, Municipalities, and School Districts also receive revenues from taxes and subsequently may also issue bonds.

A large buyer of U.S. bonds is the Federal Reserve (the Fed), the U.S. central bank. The Fed does not generate its own revenue - it pays for these bonds by printing money, creating money out of thin air. This process increases the total supply of money and is known as the M1 money supply.

The government decides to spend more but wants to do it without allegedly increasing taxes, so it sells bonds to the Fed, which prints money to pay for them. The government spends that money building on what should be assets (roads, bridges, infrastructure) but the vast majority is spent on liabilities (funding bureaucracy, foreign wars, border invasions).

Inflation is the result of too much money chasing too few goods. Not only does demand have to increase across the board, the money supply does as well.

If demand for houses surges causing all related costs to increase, the price of houses will also increase, assuming the home builder wants to make a profit. However, if there isn't new money available, the increase in demand for houses will result in a decrease in the demand for something else, maybe cars, vacations etc. It doesn't matter in that the money to pay for higher-priced homes has to come from somewhere. If the price of homes increases, the price(s) of something else decreases then average prices remain unchanged, and we don't get inflation.

In order for inflation to exist, demand for everything must increase and, if that demand is satisfied, we know the supply of money must have increased. That is where inflation comes from...***inflation cannot exist without a central bank adding to the money supply.***

Now that we know where inflation comes from, how is it beneficial for the government?

Inflation generates revenue for the government(s) in 4 ways: Inflation is a tax on the holders of U.S. Dollars, it raises the effective income tax rates, and it decreases the value of its outstanding debt (plus it gives the Fed money to buy its debt in the first place).

1st Method of Revenue Generation:

The Fed's inflation target as currently stated in January 2024 is 2% (which they believe will meet their two objectives: “price stability” and “full employment”). If their target is hit, the extra money will raise the aggregate prices by 2%. This results in all holders of money paying a 2% tax on their money balances. Be aware that this is the Federal Government side of the equation, not the States such as Texas that have a higher than normal real estate tax, which we will delve into shortly.

Let's say all of the USD in the world can buy one ounce gold bar worth \$2,000. When the Fed prints and adds 2% to the money supply, that gold bar isn't worth \$2,000, giving us a "free" 2% (\$40). The value of the gold bar didn't change, the money supply did, meaning that bar of gold is now worth the equivalent of \$2,040. Except we the people didn't split the "new" \$40 that was printed, the government kept all of it. The decrease in value came out of all money holders' collective pockets.

Thus, whatever the government wanted the extra \$40 for (waste, graft and corruption) will be financed by our decreasing effective money balances. In order for us to recoup the loss in value of our money balances, we forego purchases and save more or look for additional income (if any).

The government's spending replaces our spending and by any definition, this is a tax, meaning inflation is a tax.

2nd Method of Revenue Generation:

Workers and businesses currently pay taxes on their income. The amount paid is dependent upon the amount earned. By decreasing the value of money, wages are "increased" to offset rising living costs. If wages are increased at the same rate as inflation, purchasing power remains the exact same, resulting in no real wage increase (or decrease). However, it does if you are pushed toward a higher tax bracket, in which the government collects a higher percentage of your income.

Thus, the government can slowly raise income and corporate taxes simply by diluting money, something it can do quietly without any votes of approval which can also be described as subterfuge which is deception used to achieve an end.

The result is “We The People” run faster and faster to stay in the same place.

3rd Method of Revenue Generation:

The Federal government borrows in dollars and pays back in dollars, but because of inflation, the dollars it pays back are worth much less than the dollars it received at the onset (given, this is true for all forms of borrowing, not just government borrowing). Yes, this is partly compensated for by interest rates, but by keeping rates artificially low and taxing the income and capital gains bondholders receive, the government can guarantee it comes out ahead. This is not the case for borrowers who don't maintain the same amount of “control.” aka “manipulation”.

4th Method of Revenue Generation (the States i.e. Texas):

In Texas, a property owner's Initial Notice of Appraised Value (Market Value) is determined by a Central Appraisal District (a CAD), in the case of Denton County, the Denton Central Appraisal District (DCAD). To make a long story short, the evidence of our lawsuit, will show that DCAD and

it's co-conspirators have not only violated Texas State Law (USPAP, Texas Property Tax Code, Texas Constitution, not all inclusive) but have also violated multiple Amendments of The Constitution of the United States of America.

DCAD issues appraisal notices allegedly based on Market Values that are supposed to be derived from the Mass Appraisal Process using USPAP. USPAP is the Uniform Standards of Professional Appraisal Practice, and the Texas Property Code has specifically stated that USPAP must be followed when conducting a mass appraisal. However, the evidence shows that DCAD does not adhere to USPAP or Law.

These "market values" are then certified and sent to the State Comptroller in the form of Certified Totals. The State Comptroller then allegedly performs Ratio Studies and a Property Value Study to determine school funding between the different school districts. Then, the State Comptroller instructs the CADs to raise values that they, the State Comptroller, deem to be too low, based on the analysis of the value data provided by appraisal districts. So, by telling the appraisal district that values are too low, the State Comptroller is instructing the CAD (DCAD) to raise values, that is, raise more tax revenue, and the net result is the targeting of certain ISD tax jurisdictions and certain communities. Aubrey ISD was one of those targeted.

Aside from those issues above, DCAD has dramatically increased ALL market values in recent years. Denton County's average market values have DOUBLED since 2017, outpacing 24% inflation during the same period. The over-taxation estimated on the value increases above inflation is \$1.34 Billion (stolen). Before we reviewed the Denton County (DC) global over-valuation, we had already witnessed this in single family residential properties and in commercial properties we track and review annually. And now, with the extreme increase in values comes concerns over home affordability. In 2021, 65% of DC households could afford a median value home. In 2023, only 27% can.

Prior to the alleged market values being determined, Budget discussions occur between DCAD's Chief Appraiser and the Tax Entities, such as LISD, DISD, City of Denton, etc. (cities, towns, ISD's, etc.) In these Budget discussions, the Taxing Entities deliver their funding needs to DCAD. Funding needs are the ever increasing wasteful demands of the school districts (as an example) also now requiring more tax dollars to pay for increasing cost of interest, not to retire the debt (BOND DEBT), but to keep the scheme going.

The Taxing Entities receive funding through real estate taxes paid, which is their key source of funding, and they use the alleged market values on which that tax revenue funding was based to create BONDS (debt), or rather, leverage promissory notes based on the fraudulently created market values.

The Property Owners pay the property tax based on the alleged market values, after a protest determination (if protested) and after certain other adjustments, such as homestead limits. Here, based on evidence, these market values, were created and or determined in a manner outside of law and USPAP, in violation of the Texas Property Tax Code, which requires USPAP, "all available evidence," "clear & convincing evidence," etc. Property owners are recognizing problems, challenging their Notices of Appraised Value, & filing protests. In 2021 there were also "red flags" raised on the certification process, values certified, & protests not completed.

There is a problem with the system; it has a circular argument. DCAD gives the Certified Totals to the State Comptroller PTAD, where the State Comptroller, under law, is charged with "regulating the administration of property taxation," including establishing and overseeing the CADs, in addition to

providing technical assistance, yet, the State claims no authority of enforcement and has directed complaints be handled by the local CAD (DCAD) or local district court.

Under Property Tax Code Sec 5.04, the Comptroller acknowledges that TDLR is the agency responsible for certifying tax professionals (RPAs), including training & education of appraisers and assessor collectors. The Chief Appraiser is required to be a TDLR certified RPA. And TDLR's educational materials and requirements for certifications are pre-approved by the State Comptroller, based on the Texas Constitution and Property Tax Code guidelines and framework provided to the State Comptroller. Yet, TDLR also claims no enforcement authority.

USPAP guidance is provided by IAAO, TAAO, Appraisal Foundation, Appraisal Institute, and others, and it is recognized in law and by the Comptroller. DCAD and related government agencies make claims, and state that they follow USPAP, the Property Tax Code, and the professional guidance in their documents and on their websites. The evidence shows that DCAD does not adhere to IAAO, USPAP, the Texas Property Tax Code, Texas Constitution, and the U.S. Constitution. Hold that thought for a moment.

Alleged Market Values are not market values, as they are created by hand, based on pre-determined budgets, using comparisons that are not comparisons, using fraudulent income statements, using erroneous class codes, creating corrupt database(s), all of which is in violation of USPAP, the Texas Property Tax Code, and the Texas Constitution and is made even more nefarious given that Market Value is a tax on Unrealized Gains and that is a violation of the 16th Amendment to the Constitution of the United States of America, meaning the State of Texas is in violation of the U.S. Constitution and the U.S. Constitution is Supreme (Article VI)

When fraudulent Market Values are set by raising values substantially faster than inflation, then DCAD has created the inflation to meet a pre-determined budget as given to DCAD's Chief Appraiser by the Taxing Entities, all of which is a violation of Law and USPAP. Specifically, the Market Value of ***Denton County property increased by 24% IN ONE YEAR***, 23.71% between 2022 and 2023, ***where the estimated total inflation OVER SEVEN YEARS (2017 to 2023) was 24%***. And population is not the cause of the 2023 24% value increase, as the parcel count only rose by 2.6% from 2022 to 2023.

This begs the question, are the actions taken by Defendants, DCAD, individuals and co-conspirators reasonable? Given the evidence, it is clear their actions violate the Constitutions of both Texas and United States of America as well as violate Texas Property Tax Code and USPAP, in addition to multiple State and Federal Laws. Defendant's actions are heinous beyond any legitimate intended purpose as outlined in the above and show an unacceptable concerted effort to harm the Public.

It is understandable how initially one could have sympathy for those in government who one would think are there to do their best under their charge. It is clear from the evidence that the Defendants and co-conspirators are acting for their sole benefit with complete lack of disregard for Law and the Public they serve. Defendants have perjured themselves by invoking USPAP and membership in a multitude of organizations and then completely ignoring the requirements and Law. Plaintiff's meticulous documentation of evidence (www.mockingbirdproperties.com/dcad) since 2016 provides a more extensive record of the facts, writing, transcripts, depositions, video, and law, than has previously been assembled and thus clarity and the benefit of hindsight from which to judge the extent of current cumulative effect of Defendants and co-conspirators actions.

But wait...there's more! DCAD has demonstrated their violation of the 1st Amendment which prohibits censorship. DCAD's RPAs tell property protestors that they cannot speak of prior years settled values, and this fact is a violation of the 1st Amendment as well as a violation of USPAP. Equally as important is the violation by the State of Texas and DCAD with regard to the Administrative Procedure Act(s). Individually or singularly, the evidence proves a violation of the Oath that the individuals (Chief Appraiser, Deputy Chief Appraisers, Board Members, RPAs, as well as the Board Members of the Taxing Entities) signed to protect and defend the Texas Constitution and the Constitution of the United States of America for which any claim of immunity by the individuals, is nonexistent.

Defendants do not bear the hallmarks of reasonableness – justification, transparency and intelligibility and are not justifiable in relation to the relevant factual and legal constraints that were and are required to be taken into consideration. There can be only one reasonable interpretation of USPAP and its requirements in The Texas Constitution and Texas Property Tax Code and Defendants have rendered USPAP meaningless and thereby violated The Texas Constitution, Texas Property Tax Code and the Constitution of the United States of America not to mention the RICO Act.

Inflation generates revenue for the government(s) be it Federal and State, and is that unconstitutional?

Inflation is one of the greatest and longest lasting cons of all time. It hides behind the guise of "stable prices" and "full employment", both of which are manipulated by continuously re-arranging the inputs to suit the narrative, not the truth. This is by intent.

The Fifth Amendment:

"No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation."

So, the question is, does inflation deprive money holders of property without due process and/or is it taking private property for public use without just compensation? Does the manually created inflation by DCAD (24% value increase from 2022 to 2023 vs 24% estimated inflation from 2017 to 2023) deprive property owners of their property (money) without due process and is it taking private property for public use without just compensation?

What did DCAD and its co-conspirators do?? ***They created a tax (real estate tax) on a tax (inflation...increased values by 24%, far above the inflation rate for 2023) and then add another tax above the average increase of like kind properties in many cases of 30, 60 and 400%. And...which part of this is constitutional? It isn't, and that is why we filed suit.***

Consider the inflated home market values in Denton County. Per DCAD's 2023 Certified Total Report, the average single-family home has a Market Value of \$514,000. With this value, as determined by DCAD's fraudulent overvaluation, 72% of Denton County households cannot afford an average Market Value home. How many homeowners have had to decide to sell a car or not buy medicine to keep a roof over their head? Extrapolating across multiple districts in Texas that utilize / manipulate Market Value outside the confines of USPAP, in their CADs, then it is easy to understand that roughly 30%+ of the homeowners across all those Counties are facing a strong possibility of

bankruptcy. For every \$100,000 of fraudulent increased value, let's say the tax bill is \$2,500. Now multiply that by 7 years for a total of \$17,500. Did you know that the average homeowner does not have 3 months of income saved for an emergency and yet, at a minimum \$17,500 was taken from them without their knowledge. There is no more money to pay for the ever-increasing pre-determined budgets of Taxing Entities or government creep.

Properly valuing properties under USPAP and Law is not subjective. It is objective based on verifiable math. A concerted effort to not do this, and to, instead, produce values based on predetermined needs, where the property tax market value increases have far surpassed inflation, indicates fraud. DCAD and it's co-conspirators are creating catastrophic inflation across all real estate taxpayers. They have violated so many laws, it is clearly an unlawful agency, and must be enjoined.