

MARTIN CAD

S.B. 1652 Biennial Reappraisal Plan

For Tax Years

2015 - 2016

Adopted 9/9/2014

TAX CODE REQUIREMENT

Passage of Senate Bill 1652 amended Section 6.05 of the Texas Property Tax code by adding Subsection (i) to read as follows:

(i) To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic appraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each even-numbered year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the Comptroller within 60 days of the approval date.

Plan for Periodic Reappraisal Requirement:

Senate Bill 1652 amends Section 25.18, Subsections (a) and (b) to read as follows:

- (a) Each appraisal office shall implement the Plan for Periodic Reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:
 - 1. identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
 - 2. identifying and updating relevant characteristics of each property in the appraisal records;
 - 3. defining market areas in the district;
 - 4. identifying property characteristics that affect property value in each market area, including:
 - a. the location and market area of property;
 - b. physical attributes of property, such as size, age, and condition;
 - c. legal and economic attributes; and

d. easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;

5. developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;

6. applying the conclusions reflected in the model to the characteristics of the properties being appraised; and

7. **reviewing the appraisal results to determine value.

Note - the burden of proof (evidence) of market values and equity falls on the appraisal district.

**MARTIN COUNTY APPRAISAL DISTRICT
RESIDENTIAL, COMMERCIAL, RURAL, and PERSONAL
PROPERTY 2015/2016 REAPPRAISAL PLAN**

Pursuant to Section 25.18 of the Texas Property Tax Code, the Martin County Appraisal District (MCAD) has established the following reappraisal plan to provide for the reappraisal of all property within the district at least once every three (3) years. The plan establishes a two-fold approach:

1. **Three-Year Cycle:** Martin CAD is divided into three areas for a re-appraisal. Each year, all real, residential and commercial property within one of the areas will be reappraised, regardless of any ratio study/report findings. These areas are identified as follows:

- a. **Area One:** All of the City of Stanton and parcels in Stanton ISD, excluding that area of Stanton ISD that overlaps into Howard County.

That area could be better described: from south to north, as the south county line to mid Blk. 35-1-N, mid Blk. 36-1-N, upper Blk. 37-1-N, upper Blk. 38-1-N, and upper Blk. 39-1-N and from the east Martin County line that borders Howard County to the west Martin County line that borders Andrews County.

- b. **Area Two:** All of Grady ISD.

That area could be described: from south to north, the mid Blk. 35-1-N, mid Blk. 36-1-N, upper Blk. 37-1-N, upper Blk. 38-1-N, and upper 39-1-N to mid Blk 35-2-N, mid Blk 36-2-N, lower Blk 36-3-N, mid Dickens CSL, mid Wheeler CSL, mid Hartley CSL, upper Parmer CSL, and lower University Lands, Blk 7, and from 1 mile west of the east Martin County line that borders Howard County to the west Martin County line that borders Andrews County.

- c. **Area Three:** All of Klondike ISD, excluding that area that lies within Dawson County, and all of Sands ISD, excluding those areas of Sands ISD that overlap into Dawson County, Borden County, and Howard County.

Klondike ISD could be described: from south to north, from mid Blk. 35-2-, mid Blk 36-2-N, lower Blk 36-3-N, mid Dickens CSL, mid Wheeler CSL, mid Hartley CSL, upper Parmer CSL and lower University Lands, Blk 7 to the north Martin County line that borders Dawson County and the east line being the mid Blk 34-3-N, mid Blk. 35-3-N, east Bauer & Cockrell, Blk. A to the west Martin County line that borders Andrews County.

Sands ISD could be described: from south to north as upper Blk. 34-1-N and mid Bauer & Cockrell, Blk. A to north Martin County

line that borders Dawson County, and from east Martin County line that borders Howard County to upper Blk. 34-1-N, mid Bauer & Cockrell, Blk. A, west Blk. 34-2-N, mid Blk. 35-3-N and mid Blk. 34-3-N.

All of the boundaries lines described are staggered. Attached are maps that can be a visual to describe the boundaries and outline each school district.

Sec 6.02(a) of the Property Tax Code sets the guidelines for appraisal district boundaries.

- 2. Annual Appraisal Process:** In addition to the three year cycle stated above, ratio studies will be performed annually to determine areas or categories of properties within the CAD which need to be reappraised within the current year based on sales ratios. Any areas or categories whose ratios are above or below statutory requirements shall be reappraised in the current year regardless of the area in which they are located.

Renditions are sent the latter part of December to all known businesses. Visits are made to each new business to explain the rendition and taxation process. If the renditions are not received in the CAD by May 1, a phone call is made to the business to ask for completion of the form.

This two-fold approach will insure not only that all residential and commercial properties within the CAD are reappraised at least once every three years, but also that all other categories within the CAD are reviewed annually so that the appraisal district stays current with respect to market value in those areas where residential and/or commercial property values appear to be changing rapidly.

Organization

Field inspections are carried out by the chief appraiser and staff. The chief appraiser physically inspects areas required by the reappraisal cycle and rechecks any property within any area on which a question or problem has arisen. The chief appraiser will also make periodic adjustments to building and market land schedules, and taxable land schedules that will assist in keeping the values within MCAD updated according to the current market. Other duties include checking all existing data, including the County Clerk's records, building permits provided by the City of Stanton, and entering data for new improvements into the computer. These duties and others will be executed by the chief appraiser and assisted by the CAD staff. Data entry of field work notes and sketches is performed by the CAD staff.

The digital mapping system is consistently updated with regard to owner changes and undivided or undivided interests splits. Parcel owner changes will be reflected on the mapping system after changes are sent to the software company for updating, and splits are will be sent to the software company for updating as well. These changes will be made on the tax roll only after the proper deeds, probates, etc. have been filed in the County Clerks office.

2015 Reappraisal Schedule

- January to March: Conduct field appraisals in Area One, conduct field appraisals for specific areas throughout the CAD that need annual attention, such as mobile homes and parcels coded for inspection, prepare and mail personal property renditions to new and existing businesses, gather sales information, consider sales ratio studies, research courthouse deeds for ownership changes and mechanic liens, maintain owner address files, update digital maps, visit new businesses, interact with taxpayers, approve and apply agricultural and homestead exemptions, receive and inspect Property Value Study from the Comptrollers office. The CAD will undergo the third mandatory Methods and Assistance Program (MAP) review in 2015. This review is performed by the Comptrollers office to assist CAD's in their performance of duties and regulations.
- April to May: Refine sales analysis and mass appraisal schedules, finalize field work, review and rework Ag schedules, research courthouse deeds for ownership changes, maintain owner address file, update mapping system, work renditions for personal property and update personal property business accounts for tax roll, approve and apply agricultural and homestead exemptions, generate 2015 appraisal notices and prepare for mailing. Continue work on MAP.
- May to June: Mail appraisal notices, interact with taxpayers concerning appraisal notices, hold informal hearings, provide estimated values to taxing units, and provide training assistance to Appraisal Review Board (ARB) in preparation for the 2015 ARB hearings, prepare preliminary 2016 budget for Board of Director approval by June 15.
- June to July: Hold ARB hearings, process and mail ARB orders for the ARB secretary, enter ARB changes into the computer, ARB certifies 2015 values, chief appraiser certifies 2015 values to each taxing unit by July 25, 2015, continue preparations of 2015 tax roll for all taxing jurisdictions within the County. Continue work on the MAP.

July to December: Research courthouse records for ownership changes, maintain address files, update digital maps, interact with taxpayers, and exchange values with other appraisal districts with whom we have overlap properties to prepare for the 2015 tax roll. Submit final 2016 budget to Board of Directors for approval. Business personal property renditions will be mailed December 1, 2015 to all known businesses in preparation of the 2016 tax roll to assist the owner in complying with Sec. 22.24. Continue work and finalization of the MAP.

2016 Reappraisal Schedule

The same timetable and duties apply in each year, unless legislature passes new laws or changes existing laws. The chief appraiser will perform an on-site inspection of Area Two and other specified parcels. The chief appraiser and CAD staff will continue to complete the same duties and reappraisal steps as outlined for 2015.

MARKET VALUE

Appraising property at market value is always the number one focus at Martin CAD.

Sec 1.04 states the definition of market value to be as follows:

"Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- (A) exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- (B) both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- (C) both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

PERFORMANCE ANALYSIS

Performance Analysis - the equalized values from the previous tax year are analyzed with ratio studies to determine the appraisal accuracy and appraisal uniformity overall and by market area within property reporting categories. Ratio studies are conducted in compliance with the current Standard on Ratio Studies of the International Association of Assessing Officers. Mean, median, and weighted ratios are calculated for properties in reporting categories to measure the level of appraisal accuracy. The mean ratio is calculated in each reappraised category. In 2015, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal

performance. In the 2016 reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. In 2015 and 2016, any reporting category that may have been excluded from reappraisal due to lack of data to support reappraisal will be tested and analyzed to arrive at an indication of uniformity or equity of existing appraisals

ANALYSIS OF AVAILABLE RESOURCES

Staffing and budget restraints can impact the cycle of property inspection and personal property on-site review that is accomplished in the 2015-2016 time period.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current. Each year, real property appraisal depreciation tables are tested against verified sales data to ensure they represent current market data. Any areas considered to be represented incorrectly through the testing process, are adjusted to reflect the market more accurately. Personal property accounts are appraised based on renditions and prior year documentation. Due to lack of sales of personal property in the district, the CAD may use comparables from other CAD's to aide in appraisal of some businesses such as water stations, car washes, and hotels.

PLANNING AND ORGANIZATION

The CAD plans each year based on the dates set by the State of Texas Comptroller's Property Tax Calendar. This calendar identifies key dates for each area of responsibility for the CAD. Every effort is made by all employees of the CAD to utilize the calendar for the benefit of the CAD, and the progression of the responsibilities of the CAD. Inter-office communication, as well as with the taxing jurisdictions and the soft ware provider, is ongoing to ensure that work is finished in a timely manner. Pritchard & Abbott Inc is contracted for printing tax statements and appraisal notices in a timely manner.

MASS APPRAISAL SYSTEM

Computer Assisted Mass Appraisal (CAMA) system revisions are completed by the Information Systems Software Provider. System revisions and procedures are performed by the Provider. Martin County Appraisal District contracted with the firm of Pritchard & Abbott, Inc for these services in 2013 for the appraisal years 2014-2015. Contracts will be reviewed and updated in 2015 for 2016-2017.

Real Property Valuation

Revisions to cost schedules, income models, and market models are analyzed, updated, and tested each tax year.

Cost schedules are tested with market data (sales) to insure that the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Replacement cost new tables as well depreciation tables are tested for accuracy and uniformity using ratio study tools, and compared with cost data from recognized industry leaders, such as Marshall & Swift. New and/or used mass appraisal schedules are studied each year. Ratio sales studies are conducted each year and are analyzed to determine if adjustments need to be made for the current year in cost or depreciation schedules. These procedures are in compliance with Standard Rule 6, Uniform Standards of Professional Appraisal Practice (USPAP).

Land schedules are updated using current market data (sales) and then tested with ratio study tools. Value schedules are developed and tested on a pilot basis with ratio study tools. Martin CAD contracts with Pritchard & Abbott, Inc to perform these services and to complete the AG budget which determines market and taxable values for the tax roll.

Personal Property Valuation

Renditions are mailed the end of each calendar year for the next tax year to all new and existing businesses that were on the tax roll in the preceding year. This is done to encourage the rendering of business personal property for the upcoming tax year by the owner. This rendition gives the business owner an opportunity to render values that he or she deems appropriate. New businesses are visited on site by the appraiser. The rendition process is explained to the owner and a second rendition, if needed, is left with that owner to fill out and return to the CAD for appraisal review. The account is appraised using data from the rendition and onsite inspection, and when needed, comparable businesses in adjoining appraisal districts. New businesses are found in different ways, including newspaper articles, observation, advertisement, etc.

DATA COLLECTION PROCESS

Specific activities for gathering and appraising property take place each year. These activities include physical inspection of new construction, demolition of properties, remodeling, properties that were unfinished in the last reappraisal, and specific properties that a taxpayer requests an onsite inspection. Preparation of a tax roll is an ongoing process 52 weeks of the year.

New Construction and Demolition

New construction properties are identified by researching building permits, mechanics liens, observation of construction, and taxpayer request. The City of Stanton provides copies of building permits to the CAD each January for new construction within the City limits. Mechanics liens are researched in the county clerk's office. Grady ISD and Sands ISD, both being rural school districts, are questioned concerning new construction in their respective areas. Properties that were undergoing construction during the last appraisal cycle are revisited to inspect for completion. Every effort is made to ensure that all taxable improvements are appraised and entered on the tax roll. Martin CAD abides by the Code of Ethics Rule #1 that states: "I will be guided by the principle that property taxation should be fair and uniform and I will apply all laws, rules, methods and procedures in a uniform manner to all taxpayers."

Remodeling

Properties having undergone extensive remodeling are identified and inspected to update property characteristic data. Onsite inspections will also be done at the owner's request or as the appraiser deems necessary.

Re-inspection of Problematic Market Areas

Real property market areas, by property classification, are tested for: low or high protest volumes; low or high sales ratios; or high coefficient of dispersion. Market areas that fail any or all of these tests are determined to be problematic. Field reviews are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified. In the absence of adequate market data, normal neighborhood delineation is verified and neighborhood clusters are identified; however, due to the small size of the towns it is impossible to delineate or distinguish between specific neighborhoods, and the entire county must be considered as a whole in general when defining the market area.

Re-Inspection of the Universe of Properties

The International Association of Assessing Officers, *Standard on Mass Appraisal of Real Property*, specifies that the universe of properties should be re-inspected on a cycle of 4-6 years. The re-inspection includes the re-measurement of at least two sides of each improved property. The annual re-inspection requirements for tax years 2015 and 2016 are identified by property type and property classification and scheduled on the key events calendar. The Martin County Appraisal District re-inspects the assigned one-third of the District annually, and any other property upon request or problematic.

Field or Office Verification of Sales Data and Property Characteristics

Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio tools require that the property that sold must equal the property appraised in order that statistical analysis results will be valid.

MINERAL, INDUSTRIAL, UTILITY, AND RELATED PERSONAL PROPERTY

Martin CAD contracts with Pritchard & Abbott, Inc of Fort Worth, TX to appraise properties in the areas of minerals, industrial, utilities and personal properties related to those accounts. Attached is a 2015-2016 Reappraisal Plan submitted by Pritchard & Abbott, Inc for those areas for which they are responsible.

NOTICING PROCESS

Section 25.19 appraisal notices are provided by the IS Provider. The Provider researches the changes mandated by the legislature in order to keep the forms updated. The CAD publishes, in the local newspaper, information about the notices, exemptions available, and how to protest. The appraisal notices are mailed by first class mail, to each owner. Included in each envelope are the required forms, being a protest form and a copy of the hearing process.

HEARING PROCESS

Informal hearings will be handled by the chief appraiser at the CAD or an appraiser representing Pritchard & Abbott, Inc. The appraiser responsible for review is determined by the category of the account being protested. Protests that cannot come to an agreement with the CAD will be scheduled for a formal hearing. The Appraisal Review Board will hear the protest and make a determination based on evidence submitted by the Chief Appraiser and the owner.