

**COLORADO COUNTY CENTRAL  
APPRAISAL DISTRICT**

REAPPRAISAL PLAN  
TAX YEARS 2015 & 2016

**ADOPTED BY THE BOARD OF DIRECTORS**

**September 9, 2014**

## **NOTICE TO THE PUBLIC**

It has been the policy of the Colorado County Appraisal District, hereinafter referred to as Colorado CAD, to annually appraise the Market Value of all properties in our district. The adoption of this reappraisal plan does not change this practice. The practical effect of this plan to you, the taxpayer, remains unchanged.

### **EXECUTIVE SUMMARY**

The Colorado County Appraisal District (CCAD) has prepared and published this report to provide our citizens and taxpayers with a better understanding of the district's responsibilities and activities. This report has several parts: an Executive Summary, Tax Code requirement for Reappraisal Plans, Elements of Reappraisal and then several sections describing the appraisal effort by the appraisal district.

The CCAD is a political subdivision of the State of Texas created for schools, cities and special districts pursuant to Senate Bill 621, which was passed by the 66th Legislative in 1979. HJR 98, approved by the voters in November 1980 as Proposition 3 on the general election ballot amending Article VIII, Section 18 of the Texas Constitution, was implemented by the passage of HB30 in 1981, which mandated counties to participate in the appraisal district. HB30 became effective August 14, 1981. The CCAD commenced operations in 1981 and, as required by law furnished their first appraisal roll for each taxing jurisdiction within the boundaries of the CCAD. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A member board of directors, appointed by the taxing units within the boundaries of CCAD, constitutes the district's governing body. The Chief Appraiser, appointed by the board of directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for local property tax appraisal and exemption administration for 14 jurisdictions or taxing units in the CCAD. Appraisals established by the appraisal district allocate the year's tax burden on the basis of each taxable property's January 1st market value. We also determine eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, and charitable and religious organizations.

### **PROPOSED REAPPRAISAL PLAN**

#### **TAX CODE REQUIREMENT**

Passage of S. B. 1652 in 2005 by the Texas Legislature amended the Tax Code to require a written biennial reappraisal plan. The following details the changes to the Tax Code:

#### **The Written Plan**

Section 6.05, Property Tax Code, is amended 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 reappraisal 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 15th 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**

**Subsection (a) and (b), Section 25.18, Property Tax Code, are amended 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, GIS, Pictometry, 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 the 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 reviewing the appraisal results to determine value.
  - (7) Reviewing the appraisal results to determine value

## **MARKET VALUE**

Except as otherwise provided by the Property Tax Code, all taxable property is appraised at its "market value" as of January 1st. Under the tax code, "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 for a reasonable time for the seller to find a buyer;
- (b) both the seller and the buyer 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 buyer seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec.23.23), productivity (Sec. 23.41), real property inventory (Sec. 23.12), dealer inventory (Sec.23.121, 23.124, 23.1241 and 23.127), nominal (Sec.23.18) or restricted use properties (Sec.23.83) and allocation of interstate property (Sec. 23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1st of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

## **REVALUATION POLICY (REAPPRAISAL CYCLE)**

The Texas Property Tax Code, under Sec. 25.18, requires each appraisal office to implement a plan to update appraised values for real (residential and commercial) property at least once every three years. In each year covered by this plan, Colorado CAD will conduct a complete appraisal analysis of all properties in the district and will update property values as necessary. The chief appraiser will provide a notice of appraisal value for each property in compliance with Section 25.19 of the Texas Property Tax Code. The district's current policy is to reappraise one-third of the district every year. The 2013 tax year was a reappraisal year. The 2014 tax year was not a reappraisal year. The 2015 tax year is not a scheduled reappraisal year. The 2016 tax year is not a reappraisal year. However, appraised values district wide, are reviewed annually and are subject to change for purposes of equalization and staying abreast of market value. This, in effect, constitutes a reappraisal each year. Personal property, Industrial and Mineral interests are appraised every year.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted appraisal programs (PACS), and recognized appraisal methods and techniques, we compare that information with the data for similar properties, and with recent market data. The district follows the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures, and subscribes to the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable. In cases where the appraisal district contracts for professional valuation services, the contract that is entered into by each appraisal firm requires adherence to similar professional standards.

## 2014 TAX CALENDAR

### July 2014

1

- Resolve any outstanding protests or Appraisal Review Board issues. Continue to collect and verify sales data and input into the CAMA system. Gather information such as building permits, mechanics liens and owner's request for re-inspection.

8

- Scheduled Board of Directors meeting.
- Submit proposed Reappraisal Plan to Board of Directors.

21

- Certify Appraisal Roll on or before July 23<sup>rd</sup>.

### August 2014

1

- Continue 2015 property appraisals for the cities of Columbus, Eagle Lake, and Weimar
- Continue 2015 Market analysis for Columbus ISD, Weimar ISD and Rice CISD.

1

- Last day for property owners to apply for September 1 inventory appraisal for 2015.

12

- Scheduled Board of Directors meeting.

15

- Last day for Board of Directors to pass resolution to change number of directors, the method for appointing or both and deliver resolution to each taxing entity.

### September 2014

1

- Obtain any permit information available from entities for field review.
- Verify sales data.
- Continue market analysis.
- Continue field checks.

9

- Scheduled Board of Directors meeting.

12

- Last day for district Board of Directors to adopt 2015 budget.
- Last day for district Board of Directors to notify taxing entities in writing if a proposal to change a finance method by taxing entities' unanimous consent has been rejected.
- Last day for district Board of Directors to notify taxing entities in writing if a proposal to change the number or method of selecting district directors is rejected by a voting taxing entity.

15

- Deadline for Reappraisal Plan adoption and submission to State Comptroller and entities within sixty days.

- Hold agricultural advisory board meeting (if applicable).
- Mail farm and ranch surveys.
- Deadline to adopt district's budget.

#### October 2014

1

- Verify sales data.
- Continue market analysis.
- Continue field checks.

14

- Scheduled Board of Directors meeting.
- Notify required entities of Board of Directors members' term expiration.

#### November 2014

1

- Continue market analysis.
- Continue field checks.
- Verify sales data.

11

- Scheduled Board of Directors meeting.

#### December 2014

1

- Conduct mail survey to verify homestead exemption eligibility.
- Obtain permit information from entities for field review.
- Continue market analysis.

9

- Verify sales data.
- Continue field checks.
- Scheduled Board of Directors meeting.

### **2015 Tax Calendar**

#### January 2015

2

- Review completion percentage adjustments.
- Mail exemption and special use applications.
- Send wildlife management annual report requests.
- Mail business personal property renditions.
- Mail residence homestead letters.
- Verify sales data.
- New Board of Directors members begin two year term.
- Continue market analysis.
- Continue field checks.
- Enter new residential cost schedules into CAMA system. The new data will be based on the Marshall Residential Valuation Service that arrives in late December or early January. Gather current sales data from confirmation letters, deed records, listing

service data if available and other resources for properties located in Colorado County CAD. Sales ratio reports are generated based on specific criteria for all the regions and neighborhoods comparing sales prices against CAD values. Establish ratios for increase or decrease of local adjustments warrant for all regions. Continue field inspections of new construction, demolition, additions, building permits and agricultural use compliance. Review mobile home parks for new and /or removed mobile homes from the various parks throughout the Colorado County CAD

13

- Scheduled Board of Directors meeting.

February 2015

↓

- Continue market analysis.
- Verify sales data.
- Continue field checks.

10

- Scheduled Board of Directors meeting.

March 2015

↓

- Verify sales data.
- Hold agricultural advisory board meeting.
- Continue market analysis.
- Continue field checks.

10

- Scheduled Board of Directors meeting.

21

- Finalize field checks
- Finalize market analysis.

April 2015

↓

- Mail notice of appraised value to all property owners, or as soon thereafter as practicable.

14

- Scheduled Board of Directors meeting.

11

- Publish protest procedures.

15

- Deadline for personal property renditions.
- Continue running sales reports and fine-tune mass appraisal calculations and sales analysis functions. Begin mass maintenance changes of all reappraisal areas. Field staff will continue to visit reappraisal properties as time is available. Utilize GIS and

Pictometry to assist with field visit activities. Inform ARB members concerning mandated training sessions by the Comptroller. Plan an organizational meeting for the Appraisal Review Board before the mailing of the 2015 Notices of Appraised Value.

30

- Deadline for submission of preliminary values to ISDs.
- Deadline for exemptions and special use applications.

May 2015

1

- Mail notice of appraised value to all property owners, or as soon thereafter as practicable.
- Publication of taxpayer protest procedures in local newspapers.
- Respond to property owner's inquiries, protests and questions from Notices of Appraised Value mailings. Conduct informal reviews with property owners and prepare for formal ARB hearings.

12

- Scheduled Board of Directors meeting

16

on or before

- Submit appraisal records to the Appraisal Review Board.
- Last day to mail notices of appraised value, denial of exemptions and denial of special use appraisal.

June 2015

1

- Resolve any outstanding protests or Appraisal Review Board issues.

9

- Scheduled Board of Directors meeting.

14

- Last day to submit recommended 2016 budget to Board of Directors and taxing entities.
- Send proposed budget to entities.

July 2015

1

- Resolve any outstanding protests or Appraisal Review Board issues.

14

- Scheduled Board of Directors meeting.

20

- Submit appraisal roll to Appraisal Review Board for approval.

25

- Certify 2015 Appraisal Roll on or before July 25<sup>th</sup>.

August 2015

1

- Begin 2016 property appraisals for the properties in abstracts for Columbus, Weimar, Rice Consolidated, and Hallettsville School District
- Begin 2016 Market analysis.

1

- Last day for property owners to apply for September 1 inventory appraisal for 2016.

11

- Special Call Board of Directors meeting, public hearing on budget and budget adoption.
- Scheduled Board of Directors meeting.

14

- Last day for Board of Directors to pass resolution to change number of directors, the method for appointing or both and deliver resolution to each taxing entity.

#### September 2015

1

- Obtain permit information from entities for field review.
- Verify sales data.
- Continue market analysis.
- Continue field checks.

8

- Scheduled Board of Directors meeting.

15

- Last day for district Board of Directors to adopt 2016 budget.
- Last day for district Board of Directors to notify taxing entities in writing if a proposal to change a finance method by taxing entities' unanimous consent has been rejected.
- Last day for district Board of Directors to notify taxing entities in writing if a proposal to change the number or method of selecting district directors is rejected by a voting taxing entity.

16

- Deadline for Reappraisal Plan adoption and submission to State Comptroller.
- Hold agricultural advisory board meeting.
- Mail farm and ranch surveys.
- Deadline to adopt district's budget.

#### October 2015

1

- Verify sales data.
- Continue market analysis.
- Continue field checks.

13

- Scheduled Board of Directors meeting.
- Notify required entities of Board of Directors members' term expiration.

#### November 2015

1

- Continue market analysis.
- Verify sales data.
- Continue field checks.

10

- Scheduled Board of Directors meeting.

December 2015

1

- Conduct mail survey to verify homestead exemption eligibility.
- Obtain permit information from entities for field review.
- Verify sales data.
- Continue market analysis.
- Continue field checks.

8

- Scheduled Board of Directors meeting.

January 2016

2

- Remove completion percentage adjustments.
- Mail exemption and special use applications.
- Send wildlife management annual report requests.
- Mail business personal property renditions.
- Mail residence homestead letters.
- Verify sales data.
- Continue market analysis.
- Continue field checks.

12

- Scheduled Board of Directors meeting.
- New Board of Directors members begin two year term.

February 2016

1

- Continue market analysis.
- Verify sales data.
- Continue field checks.

9

- Scheduled Board of Directors meeting.

March 2016

1

- Verify sales data.
- Continue market analysis.
- Continue field checks.
- Hold agricultural advisory board meeting.

8

- Scheduled Board of Directors meeting.

#### April 2016

8

- Scheduled Board of Directors meeting.

12

- Deadline for personal property renditions.

30

- Deadline for submission of preliminary estimated values to ISDs, cities and county.
- Deadline for exemptions and special use applications.
- Finalize market analysis
- Finalize field checks.

#### May 2016

1

- Mail notice of appraised value to all property owners, or as soon thereafter as practicable.
- Publication of taxpayer protest procedures in local newspapers.

16

- Submit appraisal records to the Appraisal Review Board.
- Last day to mail notices of appraised value, denial of exemptions and denial of special use appraisal for real property.

10

- Scheduled Board of Directors meeting

#### June 2016

14

- Scheduled Board of Directors meeting.

14

- Last day to submit recommended 2017 budget to Board of Directors and taxing entities.

#### July 2016

1

- Resolve any outstanding protests or Appraisal Review Board issues.

12

- Scheduled Board of Directors meeting.

20

- Submit appraisal roll to Appraisal Review Board for approval.

25

- Certify 2016 Appraisal Roll on or before July 25<sup>th</sup>.

## August 2016

1

- Begin 2017 property appraisals for the properties in abstracts for Columbus, Weimar, Rice Consolidated, and Hallettsville School District
- Begin 2017 Market analysis.

2

- Last day for property owners to apply for September 1 inventory appraisal for 2017.

9

- Special Call Board of Directors meeting, public hearing on budget and budget adoption.
- Scheduled Board of Directors meeting.

18

- Last day for Board of Directors to pass resolution to change number of directors, the method for appointing or both and deliver resolution to each taxing entity.

## September 2016

1

- Obtain permit information from entities for field review.
- Verify sales data.
- Continue market analysis.
- Continue field checks.

13

- Scheduled Board of Directors meeting.

15

- Last day for district Board of Directors to adopt 2017 budget.
- Last day for district Board of Directors to notify taxing entities in writing if a proposal to change a finance method by taxing entities' unanimous consent has been rejected.
- Last day for district Board of Directors to notify taxing entities in writing if a proposal to change the number or method of selecting district directors is rejected by a voting taxing entity.

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- Deadline for Reappraisal Plan adoption and submission to State Comptroller.
- Hold agricultural advisory board meeting.
- Mail farm and ranch surveys.
- Deadline to adopt district's budget.

## October 2016

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- Verify sales data.
- Continue market analysis.
- Continue field checks.

11

- Scheduled Board of Directors meeting.

- Notify required entities of Board of Directors members' term expiration.

#### November 2016

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- Continue market analysis.
- Verify sales data.
- Continue field checks.

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- Scheduled Board of Directors meeting.

#### December 2016

1

- Conduct mail survey to verify homestead exemption eligibility.
- Obtain permit information from entities for field review.
- Verify sales data.
- Continue market analysis.
- Continue field checks.

13

- Scheduled Board of Directors meeting.

### **2015-2016 TIME ACTION SCHEDULE SUMMARY**

December '14 to January '15

Enter new residential cost schedules into CAMA system. The new data will be based on the Marshall Residential Valuation Service that arrives in late December or early January.

Gather current sales data from confirmation letters, deed records, listing service data if available and other resources for properties located in Colorado County CAD. Sales ratio reports are generated based on specific criteria for all the regions and neighborhoods comparing sales prices against CAD values. Establish ratios for increase or decrease of local adjustments warrant for all regions. Continue field inspections of new construction, demolition, additions, building permits and agricultural use compliance. Review mobile home parks for new and /or removed mobile homes from the various parks throughout the Colorado County CAD.

February '15 to April '15

Continue running sales reports and fine-tune mass appraisal calculations and sales analysis functions. Begin mass maintenance changes of all reappraisal areas. Field staff will continue to visit reappraisal properties as time is available. Utilize GIS to assist with field visit activities. Inform ARB members concerning mandated training sessions by the Comptroller. Plan an organizational meeting for the Appraisal Review Board before the mailing of the 2015 Notices of Appraised Value.

May '15 to August '15

Respond to property owner's inquiries, protests and questions from Notices of Appraised Value mailings. Resolve any outstanding protests or Appraisal Review Board issues. Conduct informal reviews with property owners and prepare for ARB hearings. Certify 2015 Appraisal Roll on or before July 25<sup>th</sup>.

August '15 to December '15

Continue to reappraise properties in Columbus ISD, Weimar ISD, Rice Consolidated ISD and the Hallettsville ISD regions by updating field cards and associated maps as per field inspections. Continue to collect and verify sales data and input into the CAMA system. Gather information such as building permits, mechanics liens and owner's request for re-inspection.

December '15 to January '16

Enter new residential cost schedules into CAMA system. The new data will be based on the Marshall Residential Valuation Service that arrives in late December or early January.

Gather current sales data from confirmation letters, deed records, listing service data if available and other resources for properties located in Colorado County CAD. Sales ratio reports are generated based on specific criteria for all the regions and neighborhoods comparing sales prices against CAD values. Establish ratios for increase or decrease of local adjustments warrant for all regions. Continue field inspections of new construction, demolition, additions, building permits and agricultural use compliance. Review mobile home parks for new and /or removed mobile homes from the various parks throughout the Colorado County CAD.

February '16 to April '16

Continue running sales reports and fine-tune mass appraisal calculations and sales analysis functions. Begin mass maintenance changes of all reappraisal areas. Field staff will continue to visit reappraisal properties as time is available. Utilize GIS to assist with field visit activities. Assist ARB members for receiving training at mandated Comptroller training sessions. Plan an organizational meeting for the Appraisal Review Board before the mailing of the 2016 Notices of Appraised Value.

May '16 to August '16

Respond to property owner's inquiries, protests and questions from Notices of Appraised Value mailings. Conduct informal reviews with property owners and prepare for ARB hearings. Certify 2016 Appraisal Roll on or before July 25<sup>th</sup>.

August '16 to December '16

Resolve any outstanding protests or Appraisal Review Board issues. Continue to reappraise properties in Columbus ISD, Weimar ISD, Rice Consolidated ISD and the Hallettsville ISD regions by updating field cards and associated maps as per field inspections. Continue to collect and verify sales data and input into the CAMA system. Gather information such as building permits, mechanics liens and owner's request for re-inspection.

## **REAPPRAISAL ITINERARY FOR 2015-2016**

### **TAX YEAR ONE – 2015**

#### **Mid-November 2014 thru January 15, 2015**

Columbus ISD South of Interstate Highway 10 and East of Farm to Market Road 949, Continue in the City of Eagle Lake, Weimar ISD Complete Abstract 4 H Austin and Begin North of Interstate Highway 10 to the Colorado River

#### **Mid-February thru March 15, 2015**

Columbus ISD South of Interstate Highway from East of State Highway 71 to the Colorado River, Continue Working in the City of Eagle Lake, Begin Work in Weimar ISD South of Interstate Highway 10

#### **Mid-March thru April 15, 2015**

Complete Columbus ISD South of Interstate Highway, Complete the City of Eagle Lake, Continue Work in Weimar ISD South of Interstate Highway 10

#### **Mid-April thru July 2015**

Appraisal Schedules, Appraisal Notices, Hearings and Certification

#### **Mid-August 2015 thru September 2015**

Begin Columbus ISD North of Interstate Highway 10 and East of 71 to Farm to Market Road 109, Rice Consolidated ISD South of Interstate Highway 10 and North of US Highway 90A East of the Colorado River, Complete any properties in Weimar ISD North of Interstate Highway 10

#### **Mid-September 2015 thru October 2015**

Continue Columbus ISD North of Interstate Highway 10 and East of 71 to Farm to Market Road 109, Rice Consolidated ISD South of US Highway 90A East of the Colorado River, Weimar ISD South of Interstate Highway 10 and West of Farm to Market Road 155

#### **Mid-October 2015 thru November 2015**

Continue Columbus ISD North of Interstate Highway 10 and East of 71 to Farm to Market Road 109, Rice Consolidated ISD South of US Highway 90A to East of Sandy Creek Road and West of the Colorado River, Weimar ISD South of Interstate Highway 10 and West of Farm to Market Road 155

#### **Mid-November 2015 thru December 2015**

Continue Columbus ISD North of Interstate Highway 10 and East of 71 to Farm to Market Road 109, Rice Consolidated ISD Continue South of US Highway 90A to East of Sandy Creek Road and West of the Colorado River, Complete Weimar ISD South of Interstate Highway 10 and West of Farm to Market Road 155

#### **Mid-December thru January 2016**

Collections, Vacation Time, Mobile Home Parks

## **TAX YEAR TWO – 2016**

### **Mid-November 2014 thru January 15, 2016**

Columbus ISD North of Interstate Highway 10 East of 109 to Colorado County Boundary Line, Rice Consolidated ISD South of US Highway 90-A and West of Sandy Creek Road to Colorado County Boundary Line, Weimar ISD South of Interstate Highway 10 and Farm to Market Road 155 East to Columbus ISD Boundary Line

### **Mid-February thru March 15, 2016**

Continue Columbus ISD North of Interstate Highway 10 East of 109 to Colorado County Boundary Line, Continue Rice Consolidated ISD South of US Highway 90-A and West of Sandy Creek Road to Colorado County Boundary Line, Continue Weimar ISD South of Interstate Highway 10 and Farm to Market Road 155 East to Columbus ISD Boundary Line

### **Mid-March thru April 15, 2016**

Continue Columbus ISD North of Interstate Highway 10 East of 109 to Colorado County Boundary Line,, Continue Rice Consolidated ISD South of US Highway 90-A and West of Sandy Creek Road to Colorado County Boundary Line, Finish Weimar ISD South of Interstate Highway 10 and Farm to Market Road 155 East to Columbus ISD Boundary Line

### **Mid-April thru July 2016**

Appraisal Schedules, Appraisal Notices, Hearings and Certification

### **Mid-September thru December 2016**

Continue Columbus ISD North of Interstate Highway 10 East of 109 to Colorado County Boundary Line, Complete the Remainder of Columbus ISD Accounts Complete the Remainder of Rice Consolidated Accounts from North of Highway 90-A West to Colorado County Boundary Line

## **TAX YEAR THREE – 2014**

### **Populated Communities**

Sub-Markets of the City of Columbus-City of Weimar-City of Eagle Lake Neighborhoods of Alleyton, Glidden, Lake Sheridan, Sheridan, Garwood, Rock Island

### **Mid-September 2014 Completed Populated Areas**

Glidden, Alleyton, City of Weimar, 2/3 of the City of Columbus

### **Mid-September 2014 Accounts to Visit**

Remaining Southeast 1/3 City of Columbus, Garwood, and Lake Sheridan

### **Mid-October Accounts to Visit**

Columbus ISD Rural Subdivisions, Columbus ISD North of the Colorado River and West of State Highway 71, Town of Rock Island, Continue Working in the City of Eagle Lake, Continue Abstract 4 H Austin in Weimar ISD

## **Staffing for Re-inspection**

### **Residential, Rural Improvements, Vacant Residential Lots, Vacant Rural Land, Commercial Improvements and Vacant Tracts** **Categories: A-B-C- D/E- F-M- X**

Jane Armontrout, Appraisal Supervisor  
Molly Janak  
Robert Maes  
Preston Persons

In addition to the Re-inspection properties, permits, mechanic liens, demolitions, properties incomplete from prior year, and real property renditions are inspected. Mobile Home parks are inspected annually.

### **Business Personal Property, Exempt, Special Valuation Properties** **Categories: D-L1**

Bill Mitchell

Business Personal Property requires exceptional amounts of time.  
Renditions are mailed to all Business Owners.  
Renditions must be worked as received. Extensions must be reviewed / answered as received.  
Non-Rendered properties must be appraised to continue equity and assurance the property still exists for each year.

### **PARCEL LOAD**

In preparation for field inspections, an appraiser must make discovery efforts for permits, mechanic liens, incomplete properties and new properties. Additionally, areas of concern should be identified. Each Appraiser must organize their field load, prepare adequate mapping and routing to best utilize their time out of the office.

Each appraiser should be capable of handling a parcel load in the allotted time frame and area. Exceptions will be made for health issues and weather conditions. Appraisers are held accountable for the organization of time, resources and appraisals. Due diligence should be spent in accuracy and completeness of work load.

### **On-Going Details**

Data entry for 2014-16 properties, and subsequent inspections  
Continue to build Photo Bank of all Properties  
Continue to build improvement and land amenities and enter information into data system  
In-house Appraiser discussion to review Appraisal Manual, specifically Residential Classification and Effective Age.

In-house Appraiser discussion on classing, Mobile Homes, including additions  
In-House Appraiser discussion on classing codes and review of cost tables in regards to Barns, Shops, storage buildings, and other type out buildings.  
Inspection of all properties that have building permit or mechanics lien filed after August 2014  
Inspection of all properties that indicated an incomplete structure for January 1, 2014  
Inspection of all properties that indicate a recheck of property for 2014-2015  
Inspection of all properties indicated as part of 2014 Reappraisal and did NOT get reviewed.  
Inspect all Real Rendered Property  
Inspect all Mobile Home Parks  
Generate list of all properties marked "Locked Gate", attempt to see, send Request to Enter Letter and Follow-up with increase in improvement value.  
Create county-wide map and a map of each town indicating sold properties and ratio of properties with known sales prices.  
Update income information and capitalization rates, mail surveys and review results  
Update ag valuation information, review and consider updates to Guidelines  
Analyze existing neighborhood boundaries, determine if current data supports boundary.  
Visit with realtors, collect sales data, and continue to Mail Sales Survey to all buyers and sellers of record.  
Analyze sales data by area, by class, by age to determine necessary changes to pricing tables  
Test any/all changes to pricing schedules  
Utilize the Marshall & Swift, Field Appraiser System for Commercial properties and unique properties  
Test commercial cost tables in the Market  
Mail renditions to all business owners and new DBA filings  
Review businesses that have failed to render 2 years in a row.  
Update SIC listing and re-categorize all BPP accounts for 2015  
Mail Homestead applications to all new owners since 1/1/2015  
Mail Homestead applications to all owners that mailing address is same as situs, and no HS on acct.  
Mail Ag applications to all new owners of Ag property since 1/1/2014  
Mail Ag applications to all properties that inspection indicates non-use, questionable use, or change of use. Mail Ag Applications to all properties as directed by Chief Appraiser for new application.  
Ag Applications group mailed by certified mail  
Mail necessary Abatement, Freeport Applications and Pollution Control applications  
Continue ownership/address corrections as filed  
Continue the update of GIS mapping and mapped sales

## **THE ELEMENTS OF REAPPRAISAL**

### **PREFORMANCE ANALYSIS**

For each Tax Year, the previous year's equalized values will be analyzed with ratio studies to determine appraisal accuracy and appraisal uniformity overall and, by market area within state property reporting categories. Ratio studies will be conducted in compliance with USPAP. Descriptive statistics, such as, mean, median, and weighted mean ratios will be calculated for properties in each reporting category to measure the level of appraisal accuracy and the coefficient of dispersion (COD) will be calculated to measure appraisal uniformity by property reporting category. This analysis will be used to develop the starting point for establishing the accuracy and uniformity of appraisal performance. The activities involved in the appraisal analysis are described below.

### **REAPPRAISAL DECISION**

In some areas, statutes or administrative rules sometimes impose reappraisal requirements. A district may use a cyclical schedule to review and revalue property each year or revalue all properties in mass at periodic intervals; say every other year or every third year. Other reasons may be due to a ratio study or other external factors. Reappraisals require careful planning and commitment of major resources.

### **ANALYSIS OF AVAILABLE RESOURCES**

Staffing and budgetary requirements for Tax Year 2015 are presented in the district's 2015 budget, as proposed to the board of directors. This reappraisal plan reflects the available staffing in the Tax Year 2015 and the anticipated staffing for Tax Year 2016. Staffing will impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2015-2016 time period.

Available Resources – staffing and budget requirements for Tax Year 2015 are presented in the 2015 Preliminary Budget, as proposed to the board of directors. The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing and Registration. The proposed 2015 appraisal staff will consist of eleven (11) full time employees with the following classifications.

- a. Chief Appraiser
- b. Appraisal Supervisor
- c. Field Appraisers
- d. Administrative support, customer service, clerical and other
- e. Data Processing Coordinator and Collections Supervisor

### **PLANNING AND ORGANIZATION**

Production standards for field and office activities will be established and incorporated in the scheduling process. The scope of work, available time frame, staffing resources, and any budgetary constraints have been considered in the development of this reappraisal plan. To the

extent that circumstances require revision to this plan, amendments to the plan will be submitted to the board of directors for approval.

### **MASS APPRAISAL SYSTEM**

Computer Assisted Mass Appraisal (CAMA) system revisions and enhancements will be specified and prioritized by our outside firm under contract with Colorado County CAD. Legislative mandates will be addressed and implemented into the necessary system applications. All computer generated forms, letters, notices, and orders will be reviewed annually and revised as required. Colorado CAD's Computer Assisted Mass Appraisal system is from the contracted vendor True Automation that specializes in providing appraisal and collection services to appraisal districts.

### **PILOT STUDY**

New and/or revised mass appraisal models (tables) are tested against the previous and current year sales data. These modeling test (sales ratio studies) are conducted each tax year. Actual test results are compared with anticipated results and those models not performing satisfactorily are refined and retested. The procedures used for model specification (market area) and model calibration (increase/decrease), should be in compliance with **Uniform Standards of Professional Appraisal Practice**, Standard Rule 6. Standard Rule 6 states, "In developing a mass appraisal, the appraiser must be aware of, understand, and correctly employ those generally accepted methods and techniques necessary to produce and communicate credible appraisals".

### **DATA COLLECTION REQUIREMENTS**

Field and office procedures will be reviewed and revised as required for data collection. Activities schedules for each Tax Year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties is performed through field review that is prioritized, and field or office verification of sales data and property characteristics. Re-inspection of properties will be completed using 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.

### **PRODUCTION OF VALUES**

Using market analysis of comparable sales, locally tested cost data, and income analysis, valuation models will be specified and calibrated in compliance with supplemental standards from USPAP. The calculated values will be tested for accuracy and uniformity using ratio studies.

### **MASS APPRAISAL REPORT**

Each Tax Year the Tax Code requires a mass appraisal report be prepared and certified by the chief appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th). The mass appraisal report is completed in compliance with USPAP Standard Rule 6-8. The signed certification by the chief appraiser is compliant with USPAP Standard Rule 6-9.

## VALUE DEFENSE

Any evidence to be used by the appraisal district to meet its burden of proof for market value and equity in the formal appraisal review board hearings will be developed and made available.

## DETERMINATION OF MARKET AREAS

The Colorado County Central Appraisal District Market Areas are divided in four major rural geographic regions by School District boundaries for A, B, C, D, E and F properties. Each property type is studied within a school district for market activity, level or appraisal and uniformity. The Primary Market areas are known as:

Columbus ISD	Hallettsville ISD
Rice Consolidated ISD	Weimar ISD

Though the school district boundaries, in most cases provide a clear-cut market area, there are Sub Market areas within the Columbus ISD, Rice Consolidated ISD, and the Weimar ISD.

City of Columbus	City of Eagle Lake	City of Weimar
Alleyton	Garwood	
Glidden	Lake Sheridan	
Rock Island	Sheridan	

The District uses the Sub Market areas of the cities of Columbus, Weimar, and City of Eagle Lake when setting the market for Categories A, B, C,D, E and F. Market areas are reviewed annually for presence of competing property characteristics. Within each of the defined Market Areas and Sub Market areas there are smaller areas represented by 'neighborhoods'.

## REVALUATION OF PROPERTY POLICY

### Real Property Valuation

Revisions to valuation models will be reviewed updated and tested each Tax Year. In each year, cost schedules will be tested with market data to insure that the appraisal district is in compliance with Section 23.011 of the Tax Code. Replacement cost new tables as well as depreciation will be tested for accuracy and uniformity through ratio studies and comparison with cost data from Marshall Valuation Service, which is a nationally recognized cost estimator service.

Land tables will be updated using current market data and then tested with ratio studies. Restrictions, covenants, and other factors influencing value will be identified and analyzed. Value modifiers will be developed for property categories by market area as required, and tested with ratio studies.

### Personal Property Valuation

Derive appropriated values of all Personal Property annually by means of required Personal Property Renditions, physical inspection and by prevailing value for similar properties in the district. New accounts will be added by discovery from local publications, field inspections and owner notification to the district. Personal Property Renditions as prescribed by Section 22.01 of the Texas Property Tax Code will be mailed to all local businesses annually.

## **Appraisal Notices**

Appraisal notices will be reviewed for legal sufficiency and correctness. Enclosures will be updated, including the latest version of the comptroller's *Taxpayers Rights, Remedies, and Responsibilities*. All real, industrial and mineral property notices will be mailed by May 15<sup>th</sup> or as soon thereafter as practical.

## **Hearing Process**

The appraisal staff will review all legislative changes of each Tax Year to ensure the Colorado County CAD is meeting the requirements of the Texas Property Tax Code and preparedness for informal and formal hearing. The hearings will generally begin in June of each Tax Year. Revisions and enhancements to existing hearing scheduling procedures for formal appraisal review board hearings will be reviewed and updated to ensure efficiency and timely certification of the appraisal roll.

## **IDENTIFYING & UPDATING RELEVANT PROPERTY CHARACTERISTICS**

Field and office procedures will be reviewed and revised as required for data collection and verification of value-related and descriptive property characteristics for each property. Activities scheduled for each tax year include inspection of new construction, demolition, remodeling, re-inspection of problematic market areas, verification of agricultural and wildlife applications, and the physical re-inspection of the universe of properties through prioritized field reviews, and verification of sales information.

### **NEW CONSTRUCTION / REMODELING / DEMOLITION**

New construction/demolition field and office procedures are discussed and revised as required. Field production standards are to be established and a procedure for monitoring production standards will be tested. Building permits, local publications, field inspections, and Mechanic's Liens can help identify and locate new construction accounts.

Market areas with extensive improvement remodeling are identified, verified and field activities scheduled to update property characteristic data. Updated property characteristics are tested with ratio studies before being finalized in the valuation of the property.

### **RE-INSPECTION OF PROBLEMATIC MARKET AREAS**

Real property market areas, by property classification, will be tested for: high protest volumes; high or low sales ratio; or high coefficient of dispersion. Market areas that fail any of all these tests are determined to be problematic. Field reviews will be done to verify and/or correct property characteristic data. Additional sales data will be reviewed and researched if made available. If there is no additional sales data, new neighborhood or sub-neighborhoods may be created.

### **MARKET AREA DELINEATION**

Market areas are defined by the physical, economic, governmental and social forces that influence property values. The effects of these forces were used to identify, classify, and stratify or delineate similarly situated properties into smaller, more comparable and manageable

subsets for valuation purposes. Delineation can involve the physical drawing of neighborhood boundary lines on a map or, it can involve statistical separation or stratification based on attribute analysis. These homogeneous properties have been delineated into valuation neighborhoods for residential property or economic class for commercial property, but because there are detectable patterns of growth that characterize a neighborhood or market segment, the Colorado County CAD staff will annually evaluate the neighborhood boundaries or market segments to ensure homogeneity of property characteristics.

## **REINSPECTION OF THE UNIVERSE OF PROPERTIES**

The *International Association of Assessing Officers, Standards on Mass Appraisal of Real Property* specifies that the universe of properties should be re-inspected on a cycle of 4-6 years. The Texas Property Tax Code, Section 25.18 (b) requires the re-inspection of the universe of properties at least once every three years. The re-inspection for real property is a process where the improvements are inspected for physical condition, accuracy of measurements, and for building that have been omitted, torn down, or added since the last inspection. The re-inspection will also verify land use and characteristics that may have changed from the previous inspection. Every year the cities of Weimar, Columbus, and Eagle Lake are visited for new improvements and re-inspections. The same is true for the towns of Alleyton, Glidden, Rock Island, Sheridan, Garwood and all the rural subdivisions. The highest number of changes in appraisal characteristics occurs in these areas because this is where the greatest concentration of ownership is located. The properties located in these areas account for approximately two-thirds of the real property located in the Colorado County CAD.

Re-inspection of properties will be completed using a combination of field inspections and office review. Office review of property for the 2015 and 2016 Tax Year will include the examination of aerial photography, pictometry, property sketches and existing property characteristics.

## **FIELD OR OFFICE VERIFICATION OF SALES DATA AND PROPERTY CHARACTERISTICS**

Sales information will be verified and property characteristics data (appraisal record) as of the date the sale transaction occurred will be captured. Since the State of Texas does not require disclosure of sale price, the district will obtain prices through deeds, voluntarily disclosed closing statements or fee appraisals usually submitted as evidence in a protest hearing, buyer and seller sale questionnaires, or third party sources, such as real estate agents, market data vendors (MLS) and fee appraisers.

## **LEGAL ATTRIBUTES AFFECTING VALUE**

The Colorado County CAD will identify and note elements of recorded conveyance that will affect the use or value of a property to a degree as described by law. The district will monitor the enactment or changes of governmental restrictions affecting property value, such as zoning, health ordinances, special assessments, and other legal restrictions. Where leases and other interests are of a nature or duration that may affect the Market Value will be considered in the individual valuation of the property as to how these restrictions apply to the property.

## **VALUATION METHODS BY PROPERTY TYPE**

For each Tax Year, valuation models will be specified and calibrated in compliance with the supplemental standards from USPAP. The calculated values will be tested for accuracy and uniformity using ratio studies. Performance standards will be in compliance with the guidelines as set forth by USPAP. Property values in all market areas will be analyzed and updated each appraisal year as required for level and uniformity of value.

### **Residential Valuation Process**

The residential valuation appraisers perform statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies are conducted on each of the residential valuation neighborhoods in the district to review the two primary aspects of mass appraisal accuracy (1) level and (2) uniformity of value. Appraisal statistics of central tendency generated from sales ratios are evaluated and analyzed for each neighborhood. The level of appraised values is determined by the weighted mean ratio for sales of individual properties within a neighborhood, and a comparison of neighborhood weighted means reflect the general level of appraised value between comparable neighborhoods.

### **Area Analysis**

Data on regional economic forces such as demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are collected from private vendors and public sources. The analysis of this type will provide the field appraiser a current economic outlook on the real estate market. Information is gained from real estate publications and sources such as continuing education in the form of IAAO, TAAD and comptroller approved classes and seminars.

The appraiser, through the sales ratio analysis process, reviews the neighborhoods annually. The first phase involves neighborhood ratio studies that compare the recent sales prices of neighborhood properties to the appraised values of these sold properties. This set of ratios provides the appraiser an excellent means of judging the present level of appraised value and uniformity of the sales. The appraiser, based on the sales ratio statistics and designated parameters for valuation update, makes a preliminary decision as to whether the value level in a neighborhood needs to be updated or whether the level of market value in a neighborhood is at an acceptable level. The valuation process for residential property begins in August. Land analysis, sales outlier review, neighborhood sales analysis, and finalization of proposed estimates of value will occur from September through April.

### **Highest and Best Use Analysis**

The highest and best use is the most reasonable and probable use that supports the highest present value of the real estate as of the date of valuation. The highest and best use of any given property must be physically possible, legally permissible, financially feasible, and maximally productive. The highest and best use of residential property is normally its current use. This is due in part to the fact that residential development, in many areas, through the use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas the market value of a residence homestead shall be determined as a residence homestead, "*The market value of a residence homestead shall be*

*determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of property.*" As stated by the Texas Property Tax Code, 23.01(c). Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis.

## **VALUATION METHOD USED**

### **Cost Approach**

Neighborhood analysis of market sales to achieve an acceptable sale ratio or level of appraisal is also the reconciliation of the market and cost approaches to valuation. Market factors are developed from appraisal statistics provided from market analyses and ratio studies and are used to ensure that estimated values are consistent with the market and to reconcile cost indicators. The district's primary approach to the valuation of residential properties uses a hybrid cost-sales comparison approach. This type of approach accounts for neighborhood market influences not particularly specified in a purely cost model.

The following equation denotes the hybrid model used:

$$\mathbf{MV = LV + (RCN - AD)*LA}$$

Whereas, in accordance with the hybrid approach, the estimated market value (MV) of the property equals the land value (LV) plus the replacement cost new of the improvements (RCN) less accrued depreciation (AD), multiplied by the local adjustment multiplier (LA). The cost approach separately estimates both the land and the building contributory values (depreciated replacement costs) based on the cost tables. While cost tables reflect only the supply or availability part of the market, it is expected that adjustments to the cost tables may be needed to bring the level of appraisal to an acceptable standard as indicated by the market sales data. The adjustment of the cost tables will allow for the observation and consideration of economic factors and influences. These market, or local adjustments, may be abstracted and applied uniformly within neighborhoods to account for specific variances between market areas across a jurisdiction. In accordance with the Market Approach, the estimated market value (MV) of the property equals the basic unit of property, under comparison, multiplied by the market price range per unit for sales of comparable property. For residential property, the unit of comparison is typically the price per square foot of living area or the price indicated for the improvement contribution. This analysis for the hybrid model is based on both the cost and market approaches as a correlation of indications of property valuation.

A significant unknown for these two indications of value has been determined to be the rate of change for the improvement's contribution to total property value. The primary unknown for the cost approach is to accurately measure accrued depreciation affecting the amount of loss attributed to the improvements as age increases and condition changes. Evaluation of property using the Cost Approach relies on the depreciated value of the improvement component based on age and condition. The measure of change for this component can best be reflected in the annualized accrued depreciation table. The level of improvement contribution to the property is measured by abstraction of comparable market sales, and subtracting the land value from the sale price. This cost adjustment factor is most appropriately measured by sales of similar property. In the Market Approach, when the improvements are abstracted from the sale price,

the resulting number indicates the depreciated value of the improvement component and the economic forces. The reconciliation of both the market and cost information is the basis for the indication of the property value under this hybrid model.

When the appraiser reviews a neighborhood, the appraiser reviews and evaluates a ratio study that compares recent sales prices of properties, within a delineated neighborhood. The value of the properties' used in the study is based on the estimated depreciated replacement cost of improvements plus land value. The calculated ratio derived from the sum of the sold properties' estimated value divided by the sum sales prices indicates the neighborhood level of appraisal based on sold properties. These ratio studies are used to determine the level of appraisal for each neighborhood. If the level of appraisal for the neighborhood is outside the acceptable range of ratios, adjustments to the neighborhood are made. An overall appraisal ratio between the ranges of 96% to 100% is considered to be acceptable.

If reappraisal of the neighborhood is indicated, the appraiser analyzes available market sales. The abstraction of property components allows the appraiser to focus on the rate of change for the improvement contribution. Abstraction of the improvement value provides a basis for calculating accrued depreciation/appreciation attributed to the improvement component. In the years when new improvement cost schedules are loaded into the system, the analysis is focused mainly on development of the depreciation factor. In the years when the system has not been updated with new cost schedules, the analysis is focused on the appreciation component. This is usually the most significant factor affecting property value and the most important unknown factor to be determined by market analysis. Abstraction of the land component from the sale price indicates the effect of overall market influences and factors on the price of improvements that were a part of recently sold property. Comparing this indicated price or value allocation for the improvement with the estimated replacement cost new of the improvement indicates any loss/gain in value due to accrued forms of physical, functional, or economic forces. This is a market driven measure of accrued depreciation/appreciation and results in a true and relevant measure of improvement marketability, particularly when based on multiple sales. The multiple sales can indicate the trending of this rate of change over certain classes of improvements within certain neighborhoods. Based on this market analysis, the appraiser estimates the annual rate of depreciation/appreciation for the improvements based on the age and observed condition. Once estimated, the appraiser recalculates the improvement value of all property within the sale sample to consider and review the effects on the neighborhood sale ratio. After an acceptable level of appraisal is achieved within the sale sample, the entire neighborhood of property is recalculated utilizing the indicated depreciation/appreciation rates taken from market sales. This factor is the basis for trending all improvement values within a quality or class of residences. When combined with any other site improvements and land value, the estimated property value using the Cost Approach reflects appraisal estimates being closer to actual market prices in a neighborhood. Therefore, based on analysis of recent sales located within a given neighborhood, estimated property values will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The estimated property values calculated for each neighborhood are based on market indicated factors applied uniformly to all properties within a neighborhood. Finally, with all the market-trend factors applied, a final ratio study is generated that compares recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the appraiser considers the appraisal level and uniformity in both updated and non-updated neighborhoods and verifies appraised values against overall trends as exhibited by the local market, and finally, for the school district as a whole.

An extensive review and revision of the residential cost schedules will be performed before each reappraisal year. Samples of newly constructed sold properties (if available) of varying construction quality in Colorado County CAD will be reviewed. The property characteristics of these sampled properties will be verified and photographs will be taken. Colorado County CAD dwelling costs will be compared against *Marshall & Swift*. This process includes correlation of quality of construction factors from Colorado County CAD and *Marshall & Swift*. The results of this comparison will be analyzed using several measures, including stratification by quality and review of estimated building costs, as well as land value to sale prices.

### **Sales Comparison Approach**

In the absence of a sale of the subject, sale prices of comparable properties are usually considered the best evidence of market value. The sales comparison approach models the behavior of the market by comparing the properties being appraised with comparable properties that have recently sold. Their sale prices will then be adjusted for differences from the subject and a market value for the subject is estimated from the adjusted sales prices of comparable properties.

The Colorado County CAD currently develops estimates of value for single-family properties using the traditional sales comparison approach as more sales become available of like properties. These estimates are not generally used in the valuation of residential property

### **Income Approach**

The income approach is based on the principle that the value of an investment property reflects the quality and quantity of the income it is expected to generate over its life. In other words, value is the estimated present value of future benefits, namely income and proceeds from the sale of the property. The appraiser must estimate income from a property and capitalize the income into an estimate of current value.

The model used to estimate the present value of income expected in the future is represented by the following formulas:

$$\text{Value}=\text{Income}/\text{Rate}, \text{ or } \text{Income}=\text{Rate} \times \text{Value}, \text{ or } \text{Rate}=\text{Income}/\text{Value}$$

The income approach is most suitable for types of properties frequently purchased and held for the purpose of producing income, such as apartments, motels, commercial buildings and office buildings. It is not conducive to the valuation of single-family residential properties that are seldom rented, or where market demand factors such as personal preferences or location unduly influence the market.

The income information in the Colorado County CAD is generally either non-existent or not available to validate the accuracy or the results. Therefore the income approach is not used but is considered when information is provided by the property owner.

## **INVENTORY RESIDENTIAL PROPERTY**

Residential improved and vacant property is appraised in compliance with the Texas Property Tax Code, Section 23.12 (a).

In general, the district uses its own land value estimates and the actual itemized construction, labor, and material costs, plus other soft or indirect costs to estimate market value as of the

assessment date. The market values of improved inventory will be reviewed annually and inventory consideration will be eliminated when ownership transfers to the property owner. As with improved inventory, full market value will be applied once the vacant land is absorbed and ownership transfers for the purpose of residential construction.

### **TREATMENT OF RESIDENCE HOMESTEADS**

Beginning in 1998, the State of Texas implemented a constitutional classification scheme concerning the appraisal of residential property that receives a homestead exemption. Under the new law, beginning in the second year a property receives a homestead exemption; increases in the value of that property are "capped." The value for tax purposes (appraised value) of a qualified residence homestead will be the LESSER of

- the market value; or
- the preceding year's appraised value;  
PLUS 10 percent for each year since the property was re-appraised;  
PLUS the value of any improvements added since the last re-appraisal.

Values of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires as of January 1st of the following year. In that following year, that home is reappraised at its market value to bring its appraisal into uniformity with other properties. An analogous provision applies to new homes. While a developer owns them, unoccupied residences are appraised as part of an inventory using the district's land value and the developer's construction costs as of the valuation date. However, in the year following the sale, they are reappraised at market value.

### **MOBILE HOMES**

Real and personal property mobile homes will be valued using the cost approach. Colorado County CAD cost and depreciation schedules will be compared with a nationally recognized pricing service and Marshall & Swift. Marshall & Swift will be used primarily to update cost schedules for mobile homes.

The district will obtain from the Texas Department of Housing and Community Affairs a list of transferred mobile homes in Colorado County. Appraisal staff will then field inspect these mobile homes for verification of size, year model and make, serial and HUD numbers, and ownership. Appraisal cards will be generated in late December for all mobile home parks and will be used by the appraisal staff to verify status.

According to Section 25.08(e), of the Texas Property Tax Code, a manufactured home placed on land owned by the same person will not be considered as real property unless the owner has filed a "Statement of Ownership" with the county clerk or county tax assessor. Unless this statement is filed, the manufactured home will be carried in our records as personal property.

### **COMMERCIAL REAL PROPERTY**

The valuation period will begin in August and last until the end of April. Once proposed values are calculated, a ratio study will be performed to test the level and uniformity of appraisal within property use and among various classes. Commercial properties will be valued by the cost approach, the income approach, or the market approach as deemed most appropriate pursuant to Section 23.0101.

## **VALUATION METHODS USED**

### **Cost Approach**

The cost approach to value is applied to improved real estate property utilizing the comparative unit method. This methodology involves the utilization of national cost data reporting services as well as actual cost information on local comparable properties whenever possible. Cost models are typically developed based on the Marshall Valuation Service which indicates estimated hard or direct costs of various improvement types. Cost models reflect the derivation of replacement cost new (RCN) of all improvements represented within the district. These include comparative base rates, per unit adjustments and lump sum adjustments for variations in property description, design, and types of improvement construction. This approach and analysis also employs the sales comparison approach in the evaluation of soft or indirect costs of construction. Because a national cost service is used as a basis for the cost models, local modifiers and estimates of soft cost factors are necessary to adjust these base costs specifically for various types of improvements located in Colorado County. These developed local modifiers and additional cost factors are applied to the replacement cost estimated by the national cost service.

Accrued depreciation is the sum of all forms of loss affecting the contributory value of the improvements. It is the measured loss against replacement cost new taken from all forms of physical deterioration, functional and economic obsolescence. Accrued depreciation is estimated and developed based on losses typical for each property type at that specific age. Effective age estimates are based on the utility of the improvements relative to where the improvement lies on the scale of its total economic life and its competitive position in the marketplace. Effective age estimates are considered and reflected based on the given actual age and the improvements economic remaining life. The actual age of the improvements will be noted in the CAMA software when available. The district will begin the phasing in of the CAMA standard depreciation tables for certain commercial properties in appraisal year 2015. The completion of all tables should be done by May of 2015.

Adjustment factors such as external and functional obsolescence will be applied, if warranted. A depreciation factor will be applied if the condition or effective age of a property is found to be necessary. This depreciation is indicated by appropriately noting the physical condition and functional utility on the property characteristics. These adjustments will typically be applied to a specific property type or location and will be developed through ratio studies or other market analysis.

The result of estimating accrued depreciation and deducting that from the estimated replacement cost new of improvements indicates the estimated contributory value of the improvements. By adding the estimated land value, as if vacant, to the contributory value of the improvements indicates a property value by the cost approach. Given relevant cost estimates and market related measures of accrued depreciation, the indicated value of the property by the cost approach becomes a very reliable valuation technique.

### **Sales Comparison Approach**

Although all three of the approaches to value are based on market data, the Sales Comparison Approach is most frequently referred to as the Market Approach. This approach is utilized not only for estimating land value but also in comparing sales of similarly improved properties to

parcels on the appraisal roll. As previously discussed in the Data Collection / Validation section of this report, pertinent data from actual sales of properties, both vacant and improved, is pursued throughout the year in order to obtain relevant information which can be used in all aspects of valuation. Sales of similarly improved properties can provide a basis for the depreciation schedules in the Cost Approach, rates and multipliers used in the Income Approach, and as a direct comparison in the Sales Comparison Approach. Improved sales are also used in ratio studies, which afford the appraiser an excellent means of judging the present level and uniformity of the appraised values.

Based on the market data analysis and review discussed previously in the cost, income and sales approaches, the cost models are calibrated and finalized. The calibration results will be entered for the schedules and models in the CAMA system for utilization on all commercial properties in the district.

The district does not use the Sales Comparison Approach at this time. The lack of commercial property that has sold in the market makes this approach less desirable. There are so many different types of properties and so few comparable sales available for the appraisers. Without more sales many of the adjustments cannot be accurately calculated.

### **Income Approach**

The income approach to value can be applied to those real properties which are typically viewed by market participants as "income producing", and for which the income methodology is considered a leading value indicator. The first step in the income approach pertains to the estimation of market rent on a per unit basis. Market data can be derived from actual rent data furnished by property owners and from local market surveys conducted by the district. This per unit rental rate multiplied by the number of units results in the estimate of potential gross rent.

A vacancy and collection loss allowance is the next item to consider in the income approach. The projected vacancy and collection loss allowance is established from actual data furnished by property owners and local market survey trends. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. This feature may also provide for a reasonable lease-up period for multi-tenant properties, where applicable. The market derived stabilized vacancy and collection loss allowance is subtracted from the potential gross rent estimate to yield an indication of estimated annual effective gross rent to the property.

Next, a secondary income or service income is considered and, if applicable, calculated as a percentage of stabilized effective gross rent. Secondary income represents parking income, escalations, reimbursements, and other miscellaneous income generated by the operations of the real property. The secondary income estimate is derived from actual data that has been collected and available market information. The secondary income estimate is then added to effective gross rent to arrive at an effective gross income, when applicable.

Allowable expenses and expense ratio estimates are based on a study of the local market, with the assumption of prudent management. An allowance for non-recoverable expenses such as leasing costs and tenant improvements may be included in the expenses. A non-recoverable expense represents costs that the owner pays to lease rental space. Relevant expense ratios can be developed for different types of commercial property based on use and market conditions. For instance, many retail properties are leased on a triple-net basis, whereby the tenant is responsible for all operating expenses, such as ad valorem taxes, insurance, and common area and property maintenance. In comparison, a general office building is most often

leased on a base year expense. This lease type stipulates that the owner is responsible for all expenses incurred during the first year of the lease. As a result, expense ratios can be implemented and estimated based on observed market experience in operating various types of commercial property.

Another form of allowable expense is the replacement of short-lived items (such as roof or floor coverings, air conditioning or major mechanical equipment or appliances) requiring expenditures of lump sum costs. When these capital expenditures are analyzed for consistency and adjusted, they may be applied on an annualized basis as stabilized expenses. When performed according to local market practices by commercial property type, these expenses when annualized are known as replacement reserves. For some types of property, typical management does not reflect expensing reserves and is dependent on local and industry practices.

Subtracting the allowable expenses (inclusive of non-recoverable expenses and replacement reserves when applicable) from the annual effective gross income yields an estimate of annual net operating income to the property.

Return rates and income multipliers are used to convert operating income expectations into an estimate of market value for the property under the income approach. These include income multipliers, overall capitalization rates, and discount rates. Each of these multipliers or return rates are considered and used in specific applications. Rates and multipliers may vary between property types, as well as by location, quality, condition, design, age, and other factors. Therefore, application of the various rates and multipliers must be based on a thorough analysis of the market for individual income property types and uses.

Capitalization analysis is used in the income approach models to form an indication of value. This methodology involves the direct capitalization of net operating income as an indication of market value for a specific property. Capitalization rates applicable for direct capitalization method and yield rates for estimating terminal cap rates for discounted cash flow analysis are derived from the market. Sales of improved properties from which actual income and expense data are obtained provide a very good indication of property return expectations a specific market participant is requiring from an investment at a specific point in time. In addition, overall capitalization rates can be derived and estimated from the built-up method (band-of-investment). This method relates to satisfying estimated market return requirements of both the debt and equity positions in a real estate investment. This information can be obtained from available sales of property, local lending sources, and from real estate and financial publications.

Rent loss concessions are estimated for specific properties with vacancy problems. A rent loss concession accounts for the impact of lost rental income while the building is moving toward stabilized occupancy. The rent loss is calculated by multiplying the rental rate by the percent difference of the property's stabilized occupancy and its actual occupancy. Build out allowances (for first generation space or retrofit/second generation space as appropriate) and leasing expenses are added to the rent loss estimate. The total adjusted loss from these real property operations is discounted using an acceptable risk rate. The discounted value (inclusive of rent loss due to extraordinary vacancy, build out allowances and leasing commissions) becomes the rent loss concession and is deducted from the value indication of the property at stabilized occupancy. A variation of this technique allows a rent loss deduction to be estimated for every year that the property's actual occupancy is less than stabilized occupancy.

As stated earlier the income approach is usually not employed by the Colorado County CAD but is considered when the necessary information is provided by the property owner.

## **BUSINESS PERSONAL PROPERTY VALUATION PROCESS**

There are four different personal property types appraised by the district's personal property section: Business Personal Property accounts; leased assets; vehicles and aircraft; and multi-location assets.

These property types will be valued each Tax Year by district appraisal staff and in some cases by contract appraisal firms. Generally, estimates of value developed by the appraisal firms will be provided to the Colorado County CAD in mid May or as soon as practical

## **VALUATION METHOD USED**

Business personal property is classified and utilizes a four digit numeric codes, called Standard Industrial Classification (SIC) codes that were developed by the federal government to describe property. These classifications are used by Colorado CAD to classify personal property by business type.

SIC code identification and delineation could be the cornerstone of the personal property valuation system at the district, should the district need to hire a business personal property appraiser. All of the personal property analysis work done in association with the personal property valuation process will be SIC code specific. SIC codes are determined based on observable aspects of homogeneity and business use.

Personal property data collection procedures are highly dependent on the renditions that are received in the office. Field inspections can also be involved in the appraisal and valuation of personal property. The district's property characteristic data was collected from property owner renditions. This project results in the discovery of new businesses, changes in ownership, relocation of businesses, and closures of businesses not revealed through other sources. Tax assessors, city and local newspapers, and the public often provide the district information regarding new personal property and other useful facts related to property valuation.

An outside vendor provides Colorado CAD with a listing of vehicles within the jurisdiction. The vendor develops this listing from the Texas Department of Transportation (TxDOT) Title and Registration Division records. Other sources of data include property owner renditions and field inspections.

The primary source of leased and multi-location assets is property owner renditions of property and field inspections.

### **Cost Approach**

Cost schedules will be developed based on the SIC code by the Property Tax Division of the Comptroller's Office and by district personal property valuation appraisers. Analyzing cost data from property owner renditions, hearings, state schedules, and published cost guides can develop the cost schedules. The cost schedules will be reviewed as necessary to conform to

changing market conditions. The schedules are typically in a price per square foot format, but some exceptions are in an alternate price per unit format, such as per room value for hotels.

Colorado CAD's primary approach to the valuation of business personal property will be the cost approach. The replacement cost new (RCN) is either developed from property owner reported historical cost or from CAD newly developed valuation models. The trending factors used by the CAD to develop RCN will be based on published valuation guides. The percent good depreciation factors used by Colorado CAD will also be based on published valuation guides. The index factors and percent good depreciation factors will be used to develop present value factors (PVF), by year of acquisition, as follows:

$$\text{PVF} = \text{INDEX FACTOR} \times \text{PERCENT GOOD FACTOR}$$

The PVF is applied to reported historical cost as follows:

$$\text{MARKET VALUE ESTIMATE} = \text{PVF} \times \text{HISTORICAL COST}$$

This mass appraisal PVF schedule will help to ensure that estimated values are uniform and consistent within the market and reflect current economic pressures of supply and demand.

The business personal property valuation process has two main objectives: 1) Analyze and adjust estimated asset cost with existing SIC models. 2) Develop new models for business classifications not previously integrated into the business personal property module. The delineated sample should be reviewed for accuracy of SIC code, square footage, field data, and original cost information. Models will be created and refined using actual original cost data (if available) to derive a typical replacement cost new (RCN) per square foot for a specific category of assets. The RCN per square foot is depreciated by the estimated age using the depreciation table adopted for the tax year.

The data sampling process is conducted in the following order: 1) Prioritizing Standard Industrial Classification (SIC) codes for model analysis. 2) Compiling the data and developing the reports. 3) Field checking the selected samples. The models will be built and adjusted using internally developed software. The models will be tested against the previous year's data. The typical RCN per square foot (or applicable unit) is determined by a statistical analysis of the available data.

The computer assisted personal property appraisal model values can be used in the general business personal property valuation program to estimate the value of new accounts for which no property owner's rendition is filed. Model values can also be used to establish tolerance parameters for testing the valuation of property for which prior data years' data exist or for which current year rendered information is available. The calculated current year value or the prior year's value can be compared to the indicated model value by the valuation program. If the value being tested is within an established acceptable percentage tolerance range of the model value, the account passes that range check and moves to the next valuation step. If the account fails the tolerance range check, it will be flagged for individual review. Allowable tolerance ranges may be adjusted from year to year depending on the analysis of the results of the prior year.

## **Sales Comparison Approach**

Business personal property is typically sold as part of the business as a whole and not by itself, which makes this approach unsuitable for valuing most personal property. This approach is only suitable for the valuation of certain types of vehicles and heavy equipment. Value estimates for vehicles will be provided by an outside vendor and are based on data furnished by the National Market Reports. An appraiser using published market guides such as NADA book values will appraise these types of properties.

## **Income Approach**

The income approach has limited use in the appraisal of machinery, equipment, furniture, fixtures, and leasehold improvements because of the difficulty in estimating future net benefits; except in the case of certain kinds of leased equipment. When reliable data on equipment leases is available, the income approach may be used to estimate fair market value of the equipment.

## **INDUSTRIAL PERSONAL PROPERTY VALUATION**

Industrial Personal Property is the tangible assets of various businesses that are used in the generation of an income stream. In general, modeling considerations applicable to commercial properties also apply to industrial properties. Except for warehouses, however, there are rarely enough sales of industrial properties for modeling. The valuation of these properties is considered to be complex due to the involvement of both tangible and intangible property elements that comprise these businesses. They also considered complex because of the size of some regional and national companies, and they are more diverse. The appraisal of these companies becomes complex when considering the valuation of the property as a unit in place, and evaluating the property by the approaches to value at the company level. Appraisers must differentiate between real and personal property; some features can be either real or personal, depending on specific use and the policy and laws of the jurisdictions. Capitol Appraisal Group, Inc, by contract, provides the Appraisal District with mineral values and valuations on complex industrial properties

The plan provides for annual reappraisal of all industrial business personal property appraised by the Colorado County Central Appraisal District. The appraisal district has a professional services contract with Capitol Appraisal Group, Inc. (CAGI) to appraise these properties for the Colorado County Central Appraisal District.

1. Identifying properties to be appraised: Through inspection the appraiser identifies personal property to be appraised. The appraiser may also refer to other documents, both public and also confidential, to assist in identification of these properties. Such documents might include but are not limited to the previous year's appraisal roll, vehicle listing services and private directories.
2. Identifying and updating relevant characteristics of each property in the appraisal records: Data identifying and updating relevant characteristics of the subject properties are collected as part of the inspection process through directories and listing services as well as through later submissions by the property owner, sometimes including confidential information or rendition. The data is verified through previously existing records and through public reports.

3. Defining market areas in the district: Market areas for business personal property are generally either regional or national in scope. Published price sources are used to help define market areas.

### **VALUATION METHODS USED**

1. Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: Personal property is appraised using replacement/reproduction cost new less depreciation models. Income approach models are used when economic and/or subject property income is made available, and a market data model is used when appropriate market sales information is available.
2. Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property when multiple models are used. The appraiser reconciles multiple models by considering the model that best addresses the individual characteristics of the subject property. Year-to-year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process. These types of property are also subject to review by the Property Tax Division of the Texas Comptroller's Office through their annual Property Value Study.

### **MINERALS (OIL & GAS RESERVES) VALUATION**

Minerals-in-place (oil and gas reserves) are real property. Appraisal of minerals, oil and gas reserves, is based on estimating the present value of the economically recoverable reserves of oil and gas. Mineral rights are property rights and may be separable property interests from the land surface property rights. Minerals being produced are a tangible asset and are appraised for ad valorem taxation. The valuation of minerals-in-place is based on estimating the discounted net present value of the oil and gas production over the economic life of the well(s). Basically, this method of valuation is an income approach using discounted cash flow analysis methodology. Oil and Gas Properties are also marketed based on proven reserves and the unit of comparison in this market is considered in barrels of oil or in cubic feet of natural gas. The market approach is based on sales of property based on barrels of proven reserves.

Mineral interests are commonly divided into property interests known as working interests and royalty interests. The valuation of this property begins with the valuation of the mineral lease and is divided into the property interests according to division orders for each lease. It is the goal and purpose of the Colorado County Central Appraisal District to identify every producing mineral property interest within the district and estimate the market value of each property interest listed on the roll.

1. Identification of new property and its situs. As subsurface mineral properties lie within the earth, they cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these properties. To identify new properties, Capitol Appraisal Group, Inc obtains monthly oil and gas lease information from the Railroad

Commission of Texas [RRC] to compare against oil and gas properties already identified. The situs of new properties is determined using plats and W-2/G-1 records from the RRC, as well as Capitol Appraisal Group, Inc in-house map resources.

2. Identifying and updating relevant characteristics of all oil and gas properties to be appraised. Relevant characteristics necessary to estimate value of remaining oil or gas reserves are production volume and pattern, product prices, expenses borne by the operator of the property, and the rate at which the anticipated future income should be discounted to incorporate future risk. Capitol Appraisal Group, Inc obtains information to update these characteristics annually from regulatory agencies such as the RRC, the Comptroller of Public Accounts, submissions from property owners and operators, as well as from published investment reports, licensed data services, service for fee organizations and through comparable properties, when available.

## **Valuation Process**

1. Defining market areas in the district and identifying property characteristics that affect property value in each market area. Oil and gas markets are regional, national and international. Therefore they respond to market forces beyond defined market boundaries as observed among more typical real properties.
2. Developing an appraisal approach that best reflects the relationship among property characteristics affecting value and best determines the contribution of individual property characteristics. Among the three approaches to value (cost, income and market), the income approach to value is most commonly used in the oil and gas industry. Through use of the discounted cash flow technique in particular, the appraiser is able to bring together relevant characteristics of production volume and pattern, product prices, operating expenses and discount rate to determine an estimate of appraised value of an oil or gas property.

Comparison and Review: Use of the income approach is the first step in determining an estimate of market value. After that the appraiser reviews the estimated market value compared to its previous certified value and also compares it to industry expected payouts and income indicators. The appraiser examines the model's value with its previous year's actual income, expecting value to typically vary within in a range of 2-5 times actual annual income, provided all appropriate income factors have been correctly identified. Finally, periodic reassignment of properties among appraisers and review of appraisals by a more experienced appraiser further expand the review process.

## **UTILITY PROPERTY VALUATION**

Utility properties are the tangible assets of various businesses including electric production, transmission, and distribution companies, railroads, petroleum product gathering and delivery pipelines, telephone and communication providers and others. The valuation of these properties is considered to be complex due to the involvement of both tangible and intangible property elements that comprise these businesses and due to the size of some of the utilities

that are regional and national companies. The appraisal of these companies becomes complex when considering the valuation of the property as a unit in place, evaluating the property by the approaches to value at the company level. Once the estimated value of the unit is estimated, the estimated market value is allocated based on the tangible property assets that are located within Colorado CAD. The plan provides for annual reappraisal of all utility, railroad and pipeline property appraised by the CAD.

- (1) Identifying properties to be appraised: Utility, railroad and pipeline properties that are susceptible to inspection are identified by inspection. The appraiser may also refer to other documents, both public and also confidential to assist in identification of these properties.
- (2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through data collected as part of the inspection process and through later submissions by the property owner, sometimes including confidential rendition. Additional data are obtained through public sources, regulatory reports and through analysis of comparable properties.
- (3) Defining market areas in the district: Market areas for utility, railroad and pipeline property tend to be regional or national in scope. Financial analyst and investor services reports are used to help define market areas.
- (4) Developing an appraisal approach that reflects the relationship among individual property characteristics: For all three types of property, the appraiser must first form an opinion of highest and best use. Among the three approaches to value (cost, income and market), pipeline value is calculated using a replacement/reproduction cost new less depreciation may also be used if appropriate data are available. Utility and railroad property are appraised in a manner similar to pipeline except that the RCNLD model is not used.
- (5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process. These types of property are also subject to review by the Property Tax Division of the Texas Comptroller's Office through their annual Property Value Study.

## **SPECIAL USE PROPERTY VALUATION-AGRICULTURAL/WILDLIFE PROPERTY**

### **Agricultural 1-d-1 Use**

Texas Constitution provides for the special valuation of "open space land devoted to farm or ranch purposes." In other words, undeveloped non-agricultural land does not qualify.

This is a special valuation for land that is devoted to agricultural production. Agricultural or productivity value is based on the land's capacity to produce crops or livestock instead of its value on the real estate market. Although this lower value reduces the taxes on the property, a "rollback" of these taxes will take place when the land stops being used for an agricultural purpose. The rollback recaptures, with interest, the taxes saved for the five (5) years preceding the change in use. Because of the penalty, this valuation is of questionable benefit if your usage is short term or if you have plans to develop the tract within the next six (6) years.

The appraisal district values agricultural land in compliance with the Property Tax Code's *Manual for the Appraisal of Agricultural Land*, which states that the cash lease method and the share lease method of appraisal are appropriate for all land types except for timber. Timber is valued on a longer time based on potential value at the time of harvest. The district is refining timber valuation to be in compliance with Property Tax Code. The district has recently received the soil types for Colorado County which is one the requirements for calculating timber productivity value.

Since most properties are leased by the owners to lessee for various agricultural purposes, Colorado County CAD will use the cash lease method of appraisal. 2015 1-d-1 productivity values are determined by land types. Only typical cash lease information is used to determine these estimates. The types of lease agreements used are; hunting leases and land lease agreements.

The cash lease method is a modified income approach using the lease amount (income per acre) minus expenses (landowner) to give the "net-to-land" value per acre. "Net-to-land" values will be averaged for a five-year period to give an average "net-to-land" factor that will be divided by the capitalization rate for the year to give a value per class of agricultural production. The agricultural appraisal staff will collect both lease and budget data. Budget data will be helpful in calculating the "net-to-land" factor for irrigated cropland.

### **Wildlife Management**

Texas also has a Wildlife Management program. Under this program there are two main qualifications; one that the land must already have an agricultural exemption and the other is that the owner must use the land to propagate a sustaining breeding, migrating or wintering population of indigenous wild animals. A wildlife management plan must be filed with the district to obtain a wildlife management special use evaluation. The district also requires that an annual report be submitted on all parcels with a wildlife management special use evaluation. Forms are available at the district office or on line at the:

Texas Parks and Wildlife Office web site [www.tpwd.state.tx.us](http://www.tpwd.state.tx.us)

## **Field Review**

Field reviews are done by the field appraisers. All applications for agricultural exemptions automatically generate a field review. Properties are inspected for minimum requirement to validate the agricultural exemption as defined in the Colorado County Agricultural Use Manual.

## **THE MASS APPRAISAL REPORT**

Each Tax Year the mass appraisal report is prepared and certified by the chief appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15<sup>th</sup>). The mass appraisal report is completed in compliance with USPAP Standard Rule 6-8. The signed certification by the chief appraiser is compliant with USPAP Rule 6-9.

## **VALUE DEFENSE**

Evidence to be used by the appraisal district to meet its burden of proof for market value and equity in both informal and formal Appraisal Review Board hearings will be developed and provided to the property owner or agent in compliance with HB 201. After a protest is received and verified, the Appraisal Review Board will schedule hearings and provide written notice to the property owner or agent of the date and time of the formal hearing. Once a protest is scheduled for a hearing, the district's evidence will be generated and be made available to the property owner or agent upon written request.

## **STATEMENT OF LIMITING CONDITIONS**

The appraised value estimates provided by the district are subject to the following conditions:

1. The appraisals were prepared exclusively for ad valorem tax purposes.
2. The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of the property appraised were performed as staff resources and time allowed. Some interior inspections of property appraised were performed at the request of the property owner and required by the district for clarification purposes and to correct property descriptions.
3. Validation of sales transactions was attempted through questionnaires to buyer and seller, and field review. In the absence of such confirmation, residential sales data obtained from vendors & the public were considered reliable.
4. Budgetary restrictions may have an impact on resources and time needed to accomplish reappraisal functions.

## CERTIFICATION STATEMENT

"I, Bill Mitchell, Chief Appraiser for the Colorado County Central Appraisal District, solemnly swear that I have made or caused to be made a diligent inquiry to ascertain all property in the district subject to appraisal by me, and that I have included in the records all property that I am aware of at an appraised value which, to the best of my knowledge and belief, was determined as required by law."

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Bill Mitchell  
Chief Appraiser

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Date

**STAFF PROVIDING SIGNIFICANT  
MASS APPRAISAL ASSISTANCE**

<u>NAME</u>	<u>TITLE</u>	<u>TYPE OF ASSISTANCE</u>
Bill Mitchell, RPA	Chief Appraiser Personal Property, Ag Valuation Applications	Appraisal Operations and Valuation Correlation Computer Systems
Jane Armontrout, RPA	Appraisal Supervisor Commercial Property and Residential	Data Collection and Valuation Correlation, Mapping
Molly Janak, RPA	Residential and Commercial Property	Data Collection and Valuation Correlation, Mapping
Robert Maes, RPA	Appraiser Residential Property	Data Collection and Valuation Correlation
Olga Poncik, RTC	Mineral and Utility Properties	Update Property Data and Ownership
Cindy Kubesch, RTA/RTC	Supervisor of Data Processing & Reports	Supplemental Properties and Valuation Correlation (exemptions/certification)
Leona Lange, RTC	Personal Property (SI/ Heavy Equip Properties)	Update Property Data and Valuation Correlation
Charlotte Brown, RTC	Exemptions	Exemption Processing
Diane Hadash, RTC	Data Processing	Update Property Data and Transfers. Personal Property Renditions
Preston Persons	Appraiser	Data Collection and Valuation Correlation

**COLORADO COUNTY CENTRAL APPRAISAL DISTRICT**

**RESOLUTION TO APPROVE REAPPRAISAL PLAN**

**WHEREAS**, it has come to the attention of the Board of Directors of the Colorado County Central Appraisal District that Section 25.18 of the Texas Property Tax Code requires each appraisal district to implement a plan for periodic reappraisal of property; and

**WHEREAS**, Section 6.05(i) of the Texas Property Tax Code requires each board of directors of an appraisal district to approve by resolution the plan for periodic reappraisal of property; and

**WHEREAS**, the Board of Directors of the Colorado County Appraisal District finds that the District has timely complied with the hearing and notice procedures described in Section 6.05(i) of the Texas Property Tax Code;

**NOW THEREFORE, BE IT RESOLVED**, that the Board of Directors for the Colorado County Central Appraisal District hereby finally approves, for the years 2015-2016, the biennial written plan, dated September 9, 2014 for the periodic reappraisal of all property within the boundaries of the District;

**AND BE IT FURTHER RESOLVED** that the above-described reappraisal plan shall be attached to this Resolution as Exhibit A.

Upon motion duly seconded, the above resolution was passed by the meeting of the Colorado County Central Appraisal District Board of Directors held on this the 9<sup>th</sup> day of September, 2014.

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Ronnie Rogers, Chairman

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Rhonda Schneider, Secretary