

LAMAR COUNTY  
APPRAISAL DISTRICT

2021 – 2022

REAPPRAISAL PLAN

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## **Section 1 – Reappraisal Plan**

# **LAMAR COUNTY APPRAISAL DISTRICT REAPPRAISAL PLAN**

## **INTRODUCTION**

### **Scope of Responsibility**

The Lamar County Appraisal District (LCAD) has prepared and published this reappraisal plan and appraisal report to provide our Board of Directors, citizens and taxpayers with a better understanding of the district’s responsibilities and activities. This report has several parts: a general introduction and then several sections describing the appraisal effort by the appraisal district.

The Lamar County Appraisal District is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas State Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A five-member Board of Directors, appointed by the taxing units within the boundaries of Lamar County, 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 12 jurisdictions or taxing units in the county. Currently these taxing entities are as follows:

Lamar County	Chisum ISD
Paris Junior College	Honey Grove ISD
City of Blossom	North Lamar ISD
City of Deport	Paris ISD
City of Paris	Prairiland ISD
City of Reno	
City of Roxton	

Each taxing unit, such as the county, city, school district, etc., sets its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Property appraisals and estimated values by the appraisal district allocate the year’s tax burden based on each taxable property’s market value. The CAD also determines eligibility for various types of property tax exemptions such as those for homesteads, over-65, disabled veteran, charitable or religious organizations, and special use valuation for agricultural productivity.

Except as otherwise provided by the Texas Property Tax Code (Tax Code) all taxable property is appraised at its “market value” as of January 1<sup>st</sup>. Under the tax code, market value is defined as the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- 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
- 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 Tax Code defines special appraisal provisions for the valuation of residential homestead property (§23.23), productivity (§23.41), real property inventory (§23.12), dealer inventory (§23.121, 23.124, 23.1241 and 23.127), or restricted use properties (§23.83) and allocation of interstate property (§23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1<sup>st</sup> 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 1<sup>st</sup>.

The tax code, under §25.18, requires each appraisal district to implement a plan to update appraised values for real property at a minimum of once every three years. The district’s current policy is to review appraised value annually, and values are subject to change depending on the result of the review, with a physical re-inspection done annually. Properties in Paris ISD, North Lamar ISD, Chisum ISD, and Prairiland ISD were inspected in 2020. Land values are systematically reviewed and changed if necessary, during our scheduled reappraisal cycles. Business personal property, utilities, large commercial properties and heavy industrial properties are appraised every year.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted mass appraisal (CAMA) programs, and recognized appraisal methods and techniques, we compare that information with the data for similar properties, and with recent cost and 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 Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable.

## **SHARED APPRAISAL DISTRICT PROPERTIES**

The 80<sup>th</sup> Legislature enacted House Bill 1010 effective January 1, 2008, eliminating shared appraisal district properties. (This can be found in the property tax code §6.02.) Each appraisal district is now responsible for appraising only the properties that exists within the county.

Lamar CAD will continue to exchange data with the districts in the overlapping jurisdictions and reconcile any differences in values with the overlapping appraisal district for those properties that are split by a county line. Appraisers from adjacent appraisal districts discuss data collection and valuation issues to minimize the possibility of differences in property characteristics, legal description, and other administrative data. Each appraisal district will appraise only that portion of a split property that exists within its county boundary.

## **PROPERTIES APPRAISED**

The 2020 certified tax roll for Lamar County consisted of 38,533 parcels, which included 13,766 single family residences; 9,534 parcels of qualified open space land; 1,745 commercial real property; 2,250 commercial business personal property, and 1,262 totally exempt properties as well as other types of property.

## **APPRAISAL FREQUENCY AND METHOD SUMMARY**

- **Residential Property** – Residential property is physically examined annually by appraisers by one of two methods:

Pictometry (aerial) review or field inspection. Pictometry review involves reviewing neighborhood oblique images from four different directions of a property, looking for changes that might have occurred to the property since the last inspection, measuring the two most significant exterior walls of each improvement, and verifying that all improvements are on the appraisal roll and listed correctly.

Physical field inspection involves driving in front of each home, and if any changes are indicated, walking in front and to the rear if accessible, looking for changes that might have occurred to the property since the last inspection, measuring as necessary, verifying that all improvements are on the appraisal roll and listed correctly. Pictures are updated if needed when a physical field check is conducted.

Each neighborhood is statistically analyzed annually to ensure that sales that have occurred in the market area during the past year are at market value. In some instances, sales from the past two or three years are used if enough sales from the past year are not sufficient in the neighborhood to

do sales analysis. If the sales indicate that current appraised values in a neighborhood are not at market value, adjustments are made to the neighborhood using a process outlined in detail in the “Market Analysis” section of this report.

- **Commercial/Industrial Property** – Commercial real property is observed in the same cycle as residential properties that is noted below. All industrial real property is field inspected annually. Business/Industrial Personal Property records are field checked annually. This yearly schedule guarantees that new businesses are added to the appraisal roll and the deletion of businesses that are no longer operating. The appraisal of large commercial and industrial properties is contracted with Capitol Appraisal Group, Inc. and their reappraisal plan are attached as Exhibit A hereof.
- **Business Personal Property (BPP)** – Business personal property is observed annually with appraisers inspecting the businesses to develop quality and density observations. A rendition is left for new businesses to complete. Similar businesses to a subject are analyzed annually to determine consistency of appraisal per square foot. Businesses are categorized using Standard Industry Classification (SIC) codes. Rendition laws provide additional information on which to base values of BPP accounts. The BPP of LCAD’s industrial and large commercial property is appraised by Capitol Appraisal Group Inc., whose reappraisal plan for BPP is attached as Exhibit B hereof.
- **Minerals** – Capitol Appraisal Group, Inc. performs the valuation for mineral accounts in Lamar CAD. Their reappraisal plan is attached as Exhibit C hereof.
- **Utilities and Pipelines** – Utility companies and pipelines appraisals are also contracted with Capitol Appraisal Group, Inc. Their reappraisal plan is attached as Exhibit D hereof.

## **Personnel Resources**

The office of the chief appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling district operations. The administration department’s function is to plan, organize, direct and control the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities and postal services. The appraisal department is responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, utilities, and industrial. 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 Regulation. Support functions include records maintenance, coordinating information, assistance to property owners and assistance during protest hearings.

The appraisal district staff consists of 18 employees with the following classifications:

- 1 Official/Administrator (executive level administration)
- 3 Professional (supervisory and management)
- 8 Technicians (appraisers, program appraisers, network support, mapper)
- 6 Administrative Support (professional, customer service, clerical, etc.)

### **Staff Education and Training**

All personnel performing appraisal work are registered with the Texas Department of Licensing and Regulation (TDLR) and are required to take appraisal courses to achieve the status of Registered Professional Appraiser (RPA) within five years of employment as an appraiser. The appraisal district currently has 4 RPAs. All personnel are encouraged to complete the training even if they are not working as appraisers. After the appraisers are awarded their RPA designation, they must receive additional training of a minimum of 60 hours of continuing education units every two years. Failure to meet these minimum standards results in termination of the employee.

Additionally, all appraisal personnel receive extensive training in data gathering processes including data entry used in field work and statistical analyses of all types of property to ensure equality and uniformity of appraisal of all types of property. The Chief Appraiser and Director of Appraisal conducts on-the-job training for new appraisers and clerks. Managers meet regularly with staff to introduce new procedures and regularly monitor appraisal activity to ensure that all personnel are following standardized appraisal procedures.

Lamar CAD personnel interact with other assessment officials through professional trade organizations including Texas Association of Appraisal Districts, Texas Rural Chief Appraisers, Texas Association of Assessing Officers, and International Association of Assessing Officers. The Lamar CAD staff strives to maintain appraisal skills and professionalism by continuing education in the form of courses that are offered by the above listed associations and approved by TDLR. Occasionally courses are offered locally to minimize cost and increase scheduling flexibility.

## **INFORMATION SYSTEMS**

The district is responsible for establishing and maintaining approximately 38,000 real and personal property accounts covering almost 1,000 square miles within Lamar County. This data includes property characteristics, ownership, and exemption information. Property characteristic data on new construction is updated through an annual field effort; existing property data is maintained through a field review. Sales are routinely validated during a separate field effort; however, numerous sales are validated as part of the new construction and field inspections. General trends in employment, interest rates, new construction trends, costs and market data are acquired through various sources, including internally generated questionnaires to buyers and sellers, university research centers, multiple listing service, market data centers and vendors.

The district has a geographic information system (GIS) that maintains cadastral maps and various layers of data and aerial photography. The district has contracted with True Automation, Inc. to maintain parcel maps and various layers of data and aerial photography. Pictometry, Inc. also provides more detailed and technologically advanced aerial photography which is improving the data gathering process and decreasing the miles the appraisers must drive in data gathering.

True Automation also maintains the district's website, making a broad range of information available for public access, including information on property characteristics, certified values, deed history, tax payment history, etc. Drawings and pictures of the improvements are no longer available online due to privacy legislation.

The Systems Administrator manages and maintains the district's data processing facility and software applications. The district's primary database is accessed with True Automation PACS software and a server database obtained from Dell Computers. The mainframe hardware and system software are a Dell Power Edge 840 and 2800 with a system printer and individual workstations and printers. The user base is networked through the mainframe using Windows 10. True Automation, Inc. provides software services for both appraisal and collections applications.

## **INDEPENDENT PERFORMANCE TEST**

According to Chapter 5 of the Texas Property Tax Code and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Assistance Division (PTAD) conducts a semi-annual property value study (PVS) of each Texas school district and each appraisal district. As part of this study, the tax code requires the Comptroller to: use sales and recognized auditing and sampling techniques; test the validity of school district taxable values in each appraisal district and presume the appraisal roll values are correct when values are valid; and determine the level and uniformity of tax appraisal in each appraisal district. The methodology used in the property value study includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. This study utilizes statistical analyses of sold properties (sale ratio

studies) and appraisals of unsold properties (appraisal ratio studies as a basis for assessment ratio reporting). For appraisal districts, the reported measures include median level of appraisal, coefficient of dispersion (COD), the percentage of properties within 10% of the median, the percentage of properties within 25% of the median, and price-related differential (PRD) for properties overall and by state category.

There are 5 independent school districts which are entirely or partially located in Lamar County: Chisum ISD; Honey Grove ISD; North Lamar ISD; Paris ISD; and Prairiland ISD. The preliminary results of the PVS for each of the school districts are released on February 1 of the year following the year of appraisal. The results of the study are certified to the Education Commissioner of the Texas Education Agency (TEA) the following July of each year. This outside (third party) study provides additional assistance to the CAD in determining areas of market activity or changing market conditions.

In the alternating years that no PVS is performed, the Comptroller's Office Property Tax Assistance Division performs a Methods and Assistance Program review to assist appraisal districts in achieving optimum performance in their required duties.

## **REAPPRAISAL**

The reappraisal of Lamar County is conducted within defined market areas. Those market areas are defined by the Lamar County school district boundaries. The school districts are Chisum ISD, North Lamar ISD, Paris ISD, and Prairiland ISD. Lamar CAD ordinarily conducts reappraisal on an annual rotation. The re-inspection consists mainly of site inspections and geographic information system and includes the use of Pictometry images.

The appraisers performing reinspection via Pictometry neighborhood oblique image review from four different directions of a property, looking for changes that might have occurred to the property since the last inspection, measuring the two most significant exterior walls of each improvement, and verifying that all improvements are on the appraisal roll and listed correctly.

Appraisers in the field have appraisal cards that contain specific information regarding property being appraised. These records contain brief legal descriptions, ownership interest, property use codes, property addresses, land size and characteristics, sketches of improvements as well as any available detailed information of the improvements.

Regardless of the method used, re-inspections require appraisers to check all information on the property and to update the appraisal roll as necessary. The appraiser's primary duty is to ensure the accuracy of Lamar CAD's property records. Appraisers note their opinion of classification, condition and characteristics of the property. If changes in the size of any structures are observed, the appraiser measures and lists those dimensions. Appraisers take digital photos of property inspected in the field.

## **2021 REAPPRAISAL**

Based on the defined market areas previously stated for the 2021 reappraisal plan encompasses the 4 school districts in Lamar County. This area encompasses all of Lamar County. The urban areas are the cities of Paris, Reno, Blossom, Deport, and Roxton. It also contains the communities of Arthur City and Powderly. This area also includes all rural property in Lamar County. Lamar County is bordered on the west by Fannin County, the eastern border is Red River County, the northern border is the Red River and the southern border is Delta County. It contains 38,533 accounts. Inspections are done in the county for new improvements, permits, etc. Additionally, Lamar CAD appraisers will inspect approximately 1,500-2,000 real property accounts in the rest of the county due mainly to new improvements, agriculture applications and permit activity.

LCAD appraisers will also be responsible for inspecting and maintaining all business personal property records, inspecting land designated for special use agricultural valuation, inspecting land where the property owner has applied for special agricultural valuation, and administering special inventory valuations.

The 2020 for 2021 effort will be conducted from approximately August 1, 2020, to April 1, 2021. The remaining portion of the year, April 1 to July 15, 2021, will be reserved for property owner protests. Lamar County Appraisal District typically has about 500 to 800 property owner protests annually.

## **2022 REAPPRAISAL**

Based on the defined market areas previously stated for the 2022 reappraisal plan encompasses the 4 school districts in Lamar County. This area encompasses all of Lamar County. The urban areas are the cities of Paris, Reno, Blossom, Deport, and Roxton. It also contains the communities of Arthur City and Powderly. This area also includes all rural property in Lamar County. Lamar County is bordered on the west by Fannin County, the eastern border is Red River County, the northern border is the Red River and the southern border is Delta County. It contains 38,533 accounts. Inspections are done in the county for new improvements, permits, etc. Additionally, Lamar CAD appraisers will inspect approximately 1,500-2,000 real property accounts in the rest of the county due mainly to new improvements, agriculture applications and permit activity.

LCAD appraisers will also be responsible for inspecting and maintaining all business personal property records, inspecting land designated for special use agricultural valuation, inspecting land where the property owner has applied for special agricultural valuation, and administering special inventory valuations.

The 2021 for 2022 effort will be conducted from approximately August 1, 2021, to April 1, 2022. The remaining portion of the year, April 1 to July 15, 2022, will be reserved for

property owner protests. Lamar County Appraisal District typically has about 500 to 800 property owner protests annually.

## **APPRAISAL RESPONSIBILITIES**

Except as otherwise provided, the Property Tax Code states all taxable property shall be appraised at its “market value” as of January 1<sup>st</sup>. Pursuant to the tax code, “market value” means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- 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;
- Both the seller and buyer seek to maximize their gain, and neither can take advantage of the exigencies of the other.

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (§23.23), productivity (§23.41), real property inventory (§23.12), dealer inventory (§23.121, 23.124, 23.1241, and 23.127), or restricted use properties (§23.83) and allocation of interstate property (§23.03). The owner of inventory may elect to have the inventory appraised at its market value as of September 1<sup>st</sup> of the year preceding tax year to which the appraisal applies by filing an application with the chief appraiser by July 31<sup>st</sup>.

The Texas Property Tax Code, under §25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. Business personal properties, minerals and utility properties are appraised every year. The district’s current policy is to conduct a general market value review of all taxable property every year with a re-inspection of specified ISDs each year on a two-year rotating basis.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted mass appraisal programs and recognized appraisal methods and techniques, we compare that information with the data for similar properties, and with recent cost and 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.

## HIGHEST AND BEST USE ANALYSIS

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. An appraiser's identification of the property's highest and best use is always a statement of opinion—never a statement of fact

To complete the highest and best use analysis of a property, an appraiser must estimate its highest and best use as if the land were vacant. This is the highest value the land could have if it were available for any legal, physically possible and economically feasible kind of development.

In determining highest and best use, preliminary judgments are made in the field by appraisers. LCAD property records contain information regarding lot size and frontage, so appraisers normally make judgments on possible use of sites in the field. Economically feasible and most profitable uses are determined by observing surrounding property. However, changes in property use require a more detailed and technical highest and best use analysis. These studies are usually performed in the office.

## SALES

Sales data is gathered by sending sales letters to the buyers and sellers of properties that the district knows changed ownership. LCAD also subscribes to *Multiple Listing Service*. Commercial sales are confirmed from direct parties involved whenever possible. Confirmation of sales from local realtors and real estate appraisers are also considered a reliable source.

Sales data is compiled, and the improved properties are physically inspected and photographed if necessary. All data listed on the property record is verified and updated as needed including building classification, building size, additions or added out-buildings, condition of structures, and any type change in data or characteristics that would affect the value of the property.

Individual sales are analyzed to meet the test of market value. Only arms-length transactions are considered. Examples of reasons why sales may be deleted or not considered are:

- Property acquired through foreclosure or auction (unless there are so many of these sales that it affects the value of the entire neighborhood).
- Property conveyed between relatives.
- The buyer or seller is under duress and may be compelled to sell or purchase.
- Financing may be non-typical or below or above prevailing market rates.

- Considerable improvements or remodeling may have been done since the date of the sale and the appraiser is unable to make judgments on the property's condition at the time of the transaction.
- Sales may be unusually high or low when compared with typical sales located in the market area due to a seller relocation or divorce proceedings.
- The property is purchased through an estate sale.
- The sale involves intangibles, such as good will.
- There are value-related problems associated with the sale, such as incorrect land size or square footage of living area in the improvements.
- Property use changes occurring after the sale.

LCAD monitors changes in price levels and, if necessary, adjusts sales prices for time. Sales are adjusted to the appraisal date of January 1st. The adjustment factors are developed on a stratum by stratum basis in each school district in the county. Adjustment factors are developed by comparing per unit value changes over time. Separate analyses are conducted for various homogeneous strata of properties.

Once a reliable time adjustment factor has been developed for a stratum it is used to adjust sales to the appraisal date. This factor is used when analyzing sales data for potential market adjustments that occur annually. For the past several years, sales have been relatively constant, and no time adjustments have been necessary.

## **MARKET ANALYSIS**

Economic trends, national, regional and local trends affect the universe of property appraised in Lamar County. An awareness of social, economic, governmental and environmental conditions is essential in understanding, analyzing, and identifying local trends that affect the real estate market. Market analysis is performed throughout the year. Both general and specific data is collected and analyzed.

Examples of sources of general data include "Trends" issued by The Real Estate Center at Texas A&M University, "The Appraiser" published by The Texas Association of Appraisal District, and "Texas Assessor's News" published by the Texas Association of Assessing Officers. When possible, local sources such as lending institutions and the Chamber of Commerce are used to obtain financing information and demographics and labor statistics.

Sales information is received from various sources. Asking prices are gathered from real estate listings and conversations with local real estate appraisers, agents and brokers.

LCAD tracks all deed transactions. From this information, sales letters are mailed to the buyers and sellers to obtain information on the sale. Disclosure of this information is not mandatory in the State of Texas, and only a small percentage of the letters are returned with useful information. This presents a problem as there is sometimes inadequate sales data to perform as thorough an analysis of sales data as USPAP would require. The

Property Tax Assistance Division also sends out sales letters and that data is made available to LCAD at least once a year. LCAD also subscribes to the multiple listing service and conducts property owner interviews to obtain sales information.

Properties are defined by market area or “neighborhood.” Neighborhoods consist of properties that share common characteristics and should be valued similarly in the marketplace.

Neighborhoods are grouped by like land size, neighborhood demographics, class range, size, and age. A homogeneous neighborhood is a neighborhood where all the properties are similar in age, class, and size. This is often the case for newer subdivisions. All properties in a homogeneous neighborhood should sell in a tight price range, differing only for size and amenities.

Neighborhoods are further defined by specific location whenever market data indicate a difference in values among properties of a same neighborhood grouping (such as Phase I and Phase II of a subdivision) and adjustments are made for individual characteristics that impact market value.

When sales or income data demonstrate that current valuations need to be adjusted to achieve market value, all properties in the same neighborhood grouping are adjusted with the same adjustment factor.

## **DATA COLLECTION/VALIDATION**

Data collection of real property involves maintaining data characteristics of the property on CAMA. The information contained in CAMA includes site characteristics, such as land size and topography, and improvement data, such as square feet of living area, year built, quality of construction, and condition. Field appraisers are required to use a property classification system that establishes uniform procedures for the correct listing of real property. All properties are coded according to a classification system. The approaches to value are structured and calibrated based on this coding system and property description and characteristics. The field appraisers use property classification references during their initial training and as a guide in the field inspection of properties.

Residential properties are classified for quality and type of construction, whether frame or brick veneer. The classifications are numbered from 1 through 8, F or M (Frame or Masonry), with 1 being the most basic of structures using the poorest quality materials and lowest workmanship while an 8 structure is of the highest possible quality using only the best of materials and the highest and best quality workmanship available.

Commercial properties are classified by type such as restaurant, shopping center, convenience store, etc., and further defined by quality of construction, from low to excellent. Business personal property is classified by standard industrial classification (SIC) code.

Data collection for personal property involves maintaining information on software designed to record and appraise business personal property. The type of information contained in the BPP file includes personal property such as business inventory, furniture and fixtures, machinery and equipment, with details such as cost and location. The field appraisers conducting on-site inspections use a personal property classification system during their initial training and as a guide to correctly list all personal property that is taxable. The listing procedure utilized by the field appraisers is available in the district offices. Appraisers periodically update the classification system.

Physical depreciation is calculated based on the effective age of improvements. Effective age is the age the property appears to be due to maintenance and upkeep. Effective age for a house that is properly maintained may be its actual or chronological age. However, if a structure suffers from deferred maintenance due to neglect, its effective age may be older than the actual age. Conversely, if a house is an older structure and has been remodeled or updated, its effective age may be newer than its actual age. Standardized depreciation tables developed from Marshall and Swift are applied to all properties to ensure uniformity.

Foundation failure is a common problem in this area and may occur in varying degrees which can result in loss of value. LCAD makes allowances for foundation problems on a case by case basis. Additional depreciation may be estimated for a variety of reasons including functional obsolescence resulting from bad floor plans, super adequacies, or out of date construction methods. Economic obsolescence results from a loss of value to a property due to adverse influences from outside the physical boundaries of the property, such as proximity to a landfill or feedlot, etc.

### **Sources of Data**

The sources of data collection are through property inspection, new construction field effort, newspapers and publications, hearings, sales validation field effort, commercial sales verification and field effort, newspapers and publications, multiple listing service, and property owner correspondence. A principal source of data comes from building permits received from taxing jurisdictions that require property owners to take out a building permit. Building permits are received and matched manually with the property's tax account number for data entry. The Multiple Listing Service of Greater Texoma Board of Realtors is a reliable source of data, for both property description and market sales data. Area and regional real estate brokers and managers are also sources of market and property information. Data surveys of property owners requesting market information and property description information is also valuable data. Soil surveys and agricultural surveys of farming and ranching property owners and industry professionals are helpful for productivity value calibration. Improvement cost information is gathered from local building contractors and Marshall and Swift Valuation Service. Various income and rental surveys are performed by interviewing property managers and operators to determine operating income and expenses for investment and income producing property.

## **VALUATION ANALYSIS**

The LCAD replacement cost and value schedules include land and residential improvements. Commercial and residential schedules are based on Marshall and Swift Valuation Service and local information. Personal property renditions provided by property owners are also used in the valuation of business personal property. Marshall and Swift is a national based cost manual and is recognized throughout the nation by the real estate industry. The Cost manual is based on cost per square foot and also the unit in place method. The unit in place method involves the estimated cost by using actual building components. This national based cost information service provides the base price of buildings according to classification with modifications for characteristics that either enhance or detract from value. The schedule is then modified for location. Schedules may also be modified by use of local data to further ensure the accuracy of the schedules.

LCAD valuation schedules are divided into three main classifications: Residential, Commercial, and Business Personal Property. These schedules are based on the most appropriate data available. Miscellaneous special categories such as special inventory, restricted income apartments, and agricultural land are appraised using different techniques. Detailed information on the appraisal methods for the miscellaneous categories may be obtained upon request at LCAD. Depreciation tables and schedules (loss of value schedules) are also included within these schedules.

### **RESIDENTIAL SCHEDULES**

Residential valuation schedules are cost based tables taken from Marshall and Swift Valuation Service, adjusted to the local market. That is, the cost reflects actual replacement cost new of the subject property. Market research indicates that the common unit of comparison for new residential construction as well as sales of existing housing is the price paid per square foot. The value of extra items is based on their contributory value to the property. This value may be estimated by the price per square foot or a value of the item as a whole. This data is extracted from the market by paired sales analysis and conversations with local appraisers and brokers.

The residential schedules are based on the size, age and condition of the structure, quality of construction, contributory value of amenities, and land value. Each of these variables has a direct impact on the cost of the property. The following is an example of each of the variables and how they may affect market value.

- **Quality of construction** – Residential construction may vary greatly in quality of construction, having a major effect on the cost and value of the property. The type of construction, cost of material used, the quality of the workmanship and attention paid to detail all affect the quality of construction. As stated above, LCAD residential schedules currently class residential structures based on quality of construction from 1 to 8. This classification schedule is based on Marshall and

Swift's definitions of residential dwellings with modifications for the local market.

- Size of structure – The size of a structure also has a direct impact on its cost as well as value. The larger the structure, the less the cost per square foot. LCAD schedules are graduated in size increments. The Property Tax Division and Marshall and Swift also support this economy of scale analysis.
- Age of Structure – LCAD residential depreciation schedules are based on Marshall and Swift, and as stated above effective age and chronological age may be the same or different, depending on the condition of the structure.
- Amenities – As stated above, amenities are valued according to their contributory value to the whole. Examples of extra items include fireplaces, swimming pools and tennis courts.
- Land Values – LCAD values land based on market transactions whenever possible. Specific land influences are used to adjust values for such factors as view, shape, size, and topography. As there are not always market transactions available, other methods of land valuation may be used. The two most common methods are the land residual method and the land ratio method. Land schedules are available at the appraisal district office.

Commercial property values are developed using Marshall and Swift Valuation schedules for commercial properties and local modifiers. Replacement cost new is determined and then adjusted for location. Depreciation is then applied using physical observation of the property.

Commercial schedules are based on the property type, size, age and condition of structure, quality of construction, contributory value of amenities, and land value. Each of these variables has a direct impact on the cost of the property as shown above in the residential schedule analysis.

## **PERSONAL PROPERTY SCHEDULES**

The personal property schedules value businesses' furniture, fixtures and equipment as well as inventory that are taxable by law. Business vehicles located within the appraisal district boundaries are also valued unless used for personal and business use in such case one vehicle is allowed a complete exemption.

Business personal property values are derived from several sources. Business owners are required by Texas law to render their business personal property each year. Rendered values are used on business personal property if the value is reasonable for the type of business and is within acceptable ranges when compared with the Property Tax Division or Marshall and Swift personal property schedules or locally developed schedules for the type of business rendered. If the rendered value is not considered acceptable; PTD,

Marshall and Swift, or local schedules are used to estimate a value. Values on all business personal property not rendered are established from the above schedules for the type of business being valued. Depreciation is determined by the age of the property and its expected life. Schedules are available in the appraisal district office.

Business vehicles are valued based on NADA Used Car Guide wholesale value for the make, model and age of the vehicle. The appraisal district uses a report obtained from Just Texas, a service which lists vehicles registered in Lamar County on January 1 of each year. The report uses the vehicle identification number to determine make, model and vehicle characteristics to determine NADA value. This report, along with renditions and physical observations, are used to discover and list vehicles that are taxable within the county. When adverse factors such as high mileage are known, the appropriate adjustments are made to value.

## **STATISTICAL ANALYSIS**

LCAD performs statistical analyses annually after certification to confirm that values are equitable and consistent with the market. Ratio studies are conducted on all property in the district to judge the two primary aspects of mass appraisal—accuracy and uniformity of value. Appraisal statistics of central tendency and dispersion generated from sales ratios are available for property within an ISD. These statistics include, but are not limited to, the weighted mean, standard deviation and coefficient of dispersion and provide an analytical tool by which to determine both the level and uniformity of appraised value in the district.

LCAD reviews values annually through the sales ratio analysis process. The first phase involves ratio studies, which compare recent sales prices of properties to the appraised values of these sold properties. This set of ratio studies affords an excellent means of judging the present level of appraised value and uniformity of the sales. Based on the sales ratio statistics and designated parameters for valuation updates, the appraiser makes a preliminary decision as to whether the value level needs to be updated in an upcoming reappraisal, or whether the level of market value is at an acceptable level.

## **RATIO STUDY STANDARDS**

Sales ratio studies are used to evaluate the district's mass appraisal performance. LCAD uses ratio studies not only to aid in the revaluation of properties, but also to verify the results of the Comptroller's Property Tax Division annual property value study.

Sales ratio studies are usually performed monthly to test cost schedules. At this time, individual properties which have sold are reviewed for accuracy in their data. Property record cards indicating the results of the field inspections are used to further aid in the analysis and decision making.

Ratio studies are usually done on a school district basis and then by residential classification. The median ratio in each classification is then compared to the desired ratio to determine if the schedule adjustments should be made. The coefficient of dispersion is also studied to indicate how tight the ratios are in relation to measures of central tendency. The median and coefficient of dispersion are good indicators that identify statistically the results of the valuation process. LCAD adheres to the following standards recommended by the IAAO *Standard on Ratio Studies*.

- Appraisal Level – the overall level of appraisal for the jurisdiction and each major stratum of properties should be within 10 percent of the legal standard (100 percent of market value).
- Appraisal Uniformity
  - Uniformity amount Strata – The level of appraisal for each stratum should be within 5 percent of the overall level of appraisal for the jurisdiction.
  - Single Family Residential Strata – CODs generally should be 15.0 or less and for areas of newer and similar residences, 10.0 or less.
  - Strata Composed of Income Producing Properties – CODs should be 15.0 or less for larger, urban jurisdiction and 20.0 or less in small rural jurisdictions.
  - Vacant land – CODs should be 20.0 or less
  - Other strata – Target CODs should reflect the nature of the properties involved and the availability of reliable market indicators.

## **RESIDENTIAL REAL PROPERTY ANALYSIS**

The residential appraisers are responsible for estimating equal and uniform market values for residential improved and vacant property. There are 13,766 residential single-family parcels; 524 multifamily residential accounts; and 4,739 vacant residential parcels in Lamar County.

### **Appraisal Resources**

- **Personnel** – The residential appraisal staff consists of the Director of Appraisal RPA, four (4) RPA appraisers, one field assistant, two full-time mappers, one senior clerk, and Director of Operations/Information Technology/Personal Property Appraiser RPA.
- **Data** – An individualized set of data characteristics for each residential dwelling and multiple family units in this district are collected in the field and data entered to the computer. The property characteristic data drives the application of computer-assisted mass appraisal (CAMA) under the Cost, Market and Income Approaches to property valuation.

## **VALUATION APPROACH**

### **Land Analysis**

Residential land valuation analysis is conducted prior to neighborhood sales analysis. The value of the land component to the property is estimated based on available market sales for comparable and competing land under similar usage. A comparison and analysis of comparable land sales is conducted based on a comparison of land characteristics found to influence the market price of land located in the neighborhood. Land tables store the land information required to consistently value individual parcels within neighborhoods given known land characteristics. Specific land influences are considered, where necessary, and depending on neighborhood and individual lot or tract characteristics, to adjust parcels outside the neighborhood norm for such factors as access, view, shape, size, and topography. The appraisers use abstraction and allocation methods to ensure that estimated land values best reflect the contributory market value of the land to the overall property value.

### **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 and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources such as continuing education in the form of IAAO and TDLR classes.

### **Neighborhood and Market Analysis**

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis are conducted on various market areas within each of the political entities known as Independent School Districts (ISD). Analysis of comparable market sales forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area, neighborhood or district. Market sales indicate the effects of these market forces and are interpreted by the appraiser into an indication of market price ranges and indications of property component change considering a given time relative to the date of appraisal. Cost and Market Approaches to estimate value are the basic techniques used to interpret these sales. For multiple family properties the Income Approach to value is also utilized to estimate an opinion of value for investment level residential property.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A “neighborhood” for analysis purposes is defined as the largest geographic grouping of properties where the property’s physical, economic, governmental, and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as “delineation”. Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of discernible patterns of growth that influence a neighborhood’s individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce population shift from older homes to newer homes. In the period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, in the stage of equilibrium, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability. During decline, general property use may change from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the district. All the residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhoods are field inspected and delineated based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted. Whereas neighborhoods involve similar properties in the same location, a neighborhood group is simply defined as similar neighborhoods in similar locations. Each residential neighborhood is assigned to a neighborhood group based on observable aspects of homogeneity between neighborhoods. Neighborhood grouping is highly beneficial in cost-derived areas of limited or no sales or use in direct sales comparison analysis. Neighborhood groups, or clustered neighborhoods, increase the available market data by linking comparable properties outside a given neighborhood. Sales ratio analysis, discussed below, is performed on a neighborhood basis, and in soft sales areas on a neighborhood group basis.

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

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. 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 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 with ongoing gentrification, the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. 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. As an example, it may be determined in a transition area that older, non-remodeled homes are economic detriments, and the highest and best use of such property is the construction of new dwellings. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population of properties.

## **VALUATION AND STATISTICAL ANALYSIS (Model Calibration)**

### **Cost Schedules**

All residential parcels in the district are valued with a replacement cost estimated from identical cost schedules based on the improvements classification system using a comparative unit method. The district's residential cost schedules are estimated from Marshall and Swift, a nationally recognized cost estimator service. These cost estimates are compared with sales of new improvements and evaluated from year to year and indexed to reflect the local residential building and labor market. Costs may also be indexed for neighborhood factors and influences that affect the total replacement cost of the improvements in a smaller market area based on evidence taken from a sample of market sales.

Reviews of the residential cost schedules are performed annually. As a part of this review and evaluation process of the estimated replacement cost, newly constructed sold properties representing various levels of quality of construction in the district are considered. The property data characteristics of these properties are verified, and photographs are taken of the samples. CAD replacement costs are compared against Marshall and Swift, a nationally recognized cost estimator, and the indicated replacement cost abstracted from these market sales of comparable improved structures. The results of this comparison are analyzed using statistical measures, including stratification by quality and reviewing of estimated building costs plus land to sales prices. Because of this analysis, a new regional multiplier or economic index factor and indications of neighborhood economic factors are developed for use in the district's cost process. This new economic index is estimated and used to adjust the district's cost schedule to be in line with local building costs as reflected by the local market.

## **Sales Information**

Residential improved and vacant land sales, along with commercial improved and vacant land sales are maintained in a sales information system. Residential improved and vacant sales are collected from a variety of sources, including: district questionnaires sent to buyer and seller, field discovery, protest hearings, MLS, various sale vendors, builders and realtors. A system of type, source, validity and verification codes has been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale prices.

Neighborhood sales reports are generated as an analysis tool for the appraiser in the development and estimation of market price ranges and property component value estimates. Abstraction and allocation of property components based on sales of similar property is an important analysis tool to interpret market sales under the cost and market approaches to value. These analysis tools help determine and estimate the effects of change, regarding price, as indicated by sale prices for similar property within the current market.

Monthly time adjustments are estimated based on comparative analysis using paired comparisons of sold property when available. Sales of the same property were considered and analyzed for any indication of price change attributed to a time change or influence. Property characteristics, financing, and conditions of sale were compared for each property sold in the pairing of property to isolate only the time factor as an influence on price.

## **Statistical Analysis**

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 judge the two primary aspects of mass appraisal accuracy—level and uniformity of value. Appraisal statistics of central tendency generated from sales ratios are evaluated and analyzed for each neighborhood. The level of appraised value is determined by the median ratio, mean ratio, and weighted mean ratio for sales. The uniformity of appraised values is determined by the coefficient of dispersion (COD) and the price related differential (PRD).

The appraisers, through the sales ratio analysis process, review every neighborhood 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 ratio studies affords 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.

## Market and Cost Reconciliation and Valuation

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-sale 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:

$$MV = LV + (RCN - AD)$$

In accordance with the cost approach, the estimated market value (MV) of the property equals the land value (LV) plus the replacement cost new of property improvements (RCN) less accrued depreciation (AD). As the cost approach separately estimates both land and building contributory values and uses depreciated replacement costs which reflect only the supply side of the market, it is expected that adjustments to the cost values may be needed to bring the level of appraisal to an acceptable standard as indicated by market sales.

The demand side includes economic factors and influences which may be observed from market or location adjustments abstracted and applied uniformly within neighborhoods to account for locational variances between market areas or across a jurisdiction. 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 to the total market value.

The level of improvement contribution to the property is measured by abstraction of comparable market sales, which is the property sale price less land 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. This evaluation of cost results in the depreciated value of the improvement component based on age and condition. The evaluation of this market and cost information is the basis of reconciliation and indication of property valuation under this hybrid model. Accurate condition data can only be achieved through diligent field work.

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, with the value of the properties based on the estimated depreciated replacement cost of improvements plus land value. If the level of appraisal for the neighborhood is less than or greater than 100%, adjustments to the entire neighborhood are made to reflect current market trends.

Based on analyses 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 updated 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 judges the appraisal level and uniformity.

## **TREATMENT OF RESIDENCE HOMESTEADS**

A property receives a homestead exemption on the year that they reside in the residence on January first, increases in the assessed value of that property are “capped” at a rate of ten percent per year. The value for tax purposes (assessed value) of a qualified residence homestead will be the LESSER OF:

- The market value; or
- The preceding year’s appraised value; PLUS, 10 percent; PLUS, the value of any improvements added since the last reappraisal.

Assessed values of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires as of January 1<sup>st</sup> of the year following the sale of the property and the property is appraised at its market value.

## **INDIVIDUAL VALUE REVIEW PROCEDURES**

### **Field Review**

The appraiser identifies individual properties in critical need of field review through sales ratio analysis. Sold properties are field reviewed on a monthly and periodic basis to check for accuracy of data characteristics.

Increased sales activity has resulted in a more substantial field effort on the part of appraisers to review and resolve sales outliers. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction and actual construction cost data. In addition to the actual data obtained from specific properties, market data publications are also reviewed to provide additional support for market trends.

### **Office Review**

Once field review is completed and reviewed by a supervisor, the appraiser conducts a routine valuation review of all properties as outlined in the discussion of ratio studies and market analysis. Previous values resulting from a hearing protest are individually reviewed to determine if the value remains appropriate for the current year. Once the appraiser is satisfied with the level and uniformity of value for each neighborhood within his area of responsibility, the estimates of value are finalized.

## **PERFORMANCE TESTS**

### **Sales Ratio Studies**

The primary analytical tool used by the appraisers to measure and improve performance is the ratio study. The district ensures that the appraised values that it produces meet the standards of accuracy in several ways. Overall sales ratios are generated for each neighborhood to allow the appraiser to review general market trends within the appraiser's area of responsibility and provide an indication of market appreciation over a specified period.

Once the proposed value estimates are finalized, the residential appraiser supervisor reviews the sales ratios by neighborhood. This review includes comparison of level of values and an analysis of sold and unsold properties to ensure appraisal uniformity.

## **COMMERCIAL AND INDUSTRIAL VALUATION ANALYSIS**

Commercial appraisers appraise the fee simple interest of properties according to statute and court decisions. However, the effect of easements, restrictions, encumbrances, leases, contracts or special assessments are considered on an individual basis.

### **Resources:**

- Personnel – The commercial appraisal staff consists of 2 appraisers who are responsible for estimating the market value of commercial property. Large, complex industrial properties are appraised by Capitol Appraisal Group, Inc. (Reappraisal Plan – Exhibit A)
- Data – Data used by commercial appraisers includes verified sales of vacant land and improved properties and the pertinent data obtained from each such as sales price levels, capitalization rates and income multipliers. Other data used by the appraisers include actual income and expense data, actual contract rental data, leasing information (commissions, tenant finish, length of terms, etc.) and actual construction costs data. In addition to the actual data obtained from specific properties, market data publications are also reviewed to provide additional support for market trends.

## **VALUATION APPROACH**

### **Land Value**

Commercial land is analyzed annually to compare appraised values with recent sales of land in the market area. If appraised values differ from sales prices being paid, adjustments are made to all land in that area. Generally commercial property is appraised on a price per square foot basis. Factors are placed on individual properties based on

size, depth of site, shape, corner influence, easements, traffic patterns, and other factors that may influence value. Land is valued as though vacant at its highest and best use.

### **Economic Area Analysis**

Area data on regional economic forces such as demographic patterns, regional locational 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.

Economic areas are defined by each of the improved property use types (apartment, office, retail, warehouse, special use) based upon an analysis of similar economic or market forces. These include but are not limited to similarities of rental rates, building class, date of construction, overall market activity or other pertinent influences. Economic area identification and delineation by each major property use type is the benchmark of the commercial valuation system. Economic areas are reviewed annually to determine if delineation adjustments are required.

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

The highest and best use is the most reasonable and probable use that generates 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. For improved properties, highest and best use is evaluated as improved and as if the site were still vacant.

Improved properties reflect a wide variety of highest and best uses which include but are not limited to: office, retail, apartment, motel, light industrial, warehouse, or special uses. In many instances, the property's current use is the same as its highest and best use. This analysis ensures that an accurate estimate of market value is derived.

### **Market Analysis**

A market analysis relates directly to examining market influences affecting supply and demand. This study involves the relationship between social, economic, environmental, governmental, and site conditions. Current market activity including sales of commercial properties, new construction, new leases, lease rates, absorption rates, vacancy and collection rates, allowable expenses (inclusive of replacement reserves), expense ratio trends, capitalization rate studies are analyzed to determine market ranges in price, operating costs and investment return expectations.

## **DATA COLLECTION/VALIDATION**

### **Data Collection Manuals**

All properties located in Lamar CAD are coded according to a specific classification system and the approaches to value are structured and calibrated based on this classification system. Sales data is categorized by property use type and location. If income data of a sold property is available, it is used in the cap rate analysis.

### **Sources of Data**

Lamar CAD receives a copy of the deeds recorded in Lamar County that convey commercially classed properties. These deeds involving a change in commercial ownership are entered into the sales information system and researched to obtain the pertinent sale information. Other sources of sale data include the multiple listing service, sales questionnaires, protest hearings, and regional and national real estate and financial publications.

## **VALUATION ANALYSIS**

Model calibration involves the process of periodically adjusting the mass appraisal tables and schedules to reflect current local market conditions. Once the models have undergone the specification process, adjustments can be made to reflect new construction procedures, materials and/or costs, which can vary from year to year. The basic structure of a mass appraisal model can be valid over an extended period, with trending factors used for updating the data to the current market conditions. However, at some point, the adjustment process may become too involved and the model calibration technique will mandate new model specifications or a revised model structure.

### **Cost Schedules**

The cost approach to value is applied to improved real 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 and Swift Valuation Service which indicate estimated hard or direct costs of various improvement types and modified based on local information. Cost models are used to estimate the replacement cost new (RCN) of all commercial and industrial improvements.

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. Depreciation estimates are based on what is typical of each major class of commercial property by economic life categories. 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.

Additional forms of depreciation such as external and/or functional obsolescence can be applied if observed. Functional depreciation is usually due to a specific condition deficiency, while economic depreciation is usually based on economic trends that affect the value of a property.

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. Adding the estimated land value as if vacant to the contributory value of the improvements indicates a property value by the cost approach. With reliable 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.

### **Income Models**

The income approach to value is applied to those real properties which are typically viewed by market participants as “income producing”, and for which the income methodology is considered the most reliable indicator. The first step in the income approach pertains to the estimation of market rent. This is derived primarily from actual rent data furnished by property owner and lessees and from regional information obtained from various sources.

A vacancy and collection loss allowance are 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-rent 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. Secondary income represents income from vending machines, laundry facilities, reimbursements, and other miscellaneous income generated by the operations of real property. The secondary income estimate is derived from actual data collected and available market information. The secondary income estimate is then added to effective gross rent to arrive at an effective gross income, if applicable.

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 and overall capitalization rates. Each of these multipliers or capitalization 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. These procedures are supported and documented based on analysis of market sales for these property types.

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 market participant is requiring from an investment at a specific point in time. This information is obtained from available sales of property, local lending sources, from real estate appraisers and brokers, 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.

### **Sales Comparison (Market) 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. 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 of uniformity of the appraised values.

### **Final Valuation Schedules**

Based on the market data analysis and review discussed previously in the cost, income and sales approaches, the cost and income models are calibrated and finalized. The calibration results are keyed to the schedules and models in the CAMA system for utilization on all commercial properties in the district. Market factors reflected within the cost and income approaches are evaluated and confirmed based on market sales of commercial and industrial properties. The appraisers review the cost, income, and sales comparison approaches to value for each of the types of property with available sales information, which is typically difficult to achieve in this area. The final valuation of a property is estimated based on reconciling these indications of value considering the weight of the market information available for evaluation and analysis in these approaches to value.

### **Statistical and Capitalization Analysis**

Statistical analysis of final values is an essential component of quality control. This methodology represents a comparison of the final value against the standard and provides a concise measurement of the appraisal performance. Statistical comparisons of many different standards are used including sales of similar properties, the previous year's appraised value, audit trails, value change analysis and sales ratio analysis.

Appraisal statistics of central tendency and dispersion generated from sales ratios are calculated for each property type with available sales data. These summary statistics including, but not limited to, the median, mean, and weighted mean, provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value of a particular property type.

The appraisers review every commercial property type annually through the sales ratio analysis process. The first phase involves ratio studies that compare the recent sales prices of properties to the appraised values of the sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the appraised values. The appraiser, based on the sales ratio statistics and designated parameters for valuation update, makes a preliminary decision as to whether the value level of a particular property type needs to be updated in an upcoming reappraisal, or whether the level of market value is at an acceptable level.

Potential gross rent estimates, occupancy levels, secondary income, allowable expenses (inclusive of non-recoverable and replacement reserves), net operating income and capitalization rate and multipliers are continuously reviewed. Income model estimates

and conclusions are compared to actual information obtained on individual commercial and industrial income properties, as well as with information from published sources and area property managers and owners.

## **INDIVIDUAL VALUE REVIEW PROCEDURES**

### **Field Review**

Field review of real property accounts is accomplished while business personal property is reviewed and inspected in the field. Additionally, the appraisers frequently field frequently review subjective data items such as building class, quality of construction, condition, and physical, functional and economic obsolescence factors contributing significantly to the market value of the property. In some cases, field reviews are warranted when sharp changes in occupancy or rental rate levels between building classes or between economic areas.

### **Office Review**

Office reviews are completed on properties subject to field inspection and are performed in compliance with the guidelines required by the existing classification system. Office reviews are typically limited by the available market data presented for final value analysis. These reviews summarize the pertinent data of each property as well as comparing the previous value to the proposed value conclusions of the various approaches to value. These evaluations and reviews show proposed value changes, income model attributes or overrides, economic factors, and special factors affecting the property valuation such as new construction status, and a sales history, if any.

After preliminary ratio statistics have been calculated, if the ratio statistics are generally acceptable overall, the review process is focused primarily on locating skewed results on an individual basis. Previous values resulting from protest hearings are individually reviewed to determine if the value remains appropriate for the current year based on market conditions.

## **PERFORMANCE TESTS**

The primary tool used to measure mass appraisal performance is the ratio study. A ratio study compares appraised values to market prices. In a ratio study, market values are typically represented with the range of sale prices. Independent fee appraisals may also be used to represent market values in a ratio study. This can be particularly useful for commercial or industrial real property for which sales are limited.

### **Sales Ratio Studies**

Sales ratio studies are an integral part of estimating equitable and accurate market values, and ultimately property assessments for these taxing jurisdictions. The primary uses of sales ratio studies include the determination of a need for general reappraisal; prioritizing selected groups of property types for reappraisal; identification of potential problems

with appraisal procedures; assist in market analyses; and to calibrate models used to estimate appraised values during valuation or reappraisal cycles.

Overall sales ratios will be generated quarterly by use type and location to allow appraisers to review general market trends in their area of responsibility. In many cases, field checks may be conducted to ensure the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics. These ratio studies aid the appraisers by providing an indication of market activity by economic area or changing market conditions.

### **Comparative Appraisal Analysis**

The commercial appraiser performs an average unit value comparison in addition to a traditional ratio study. These studies are performed on commercially classed properties by property use type (such as apartment, office, retail, warehouse usage). The objective of this evaluation is to determine appraisal performance of sold and unsold properties. Appraisers average the unit prices of sales and average unit appraised values of the same parcels and the comparison of average value changes of sold and unsold properties. These studies are conducted on substrata such as building class and on properties located within various economic areas. In this way, overall appraisal performance is evaluated geographically by specific property type to discern whether sold parcels have been selectively appraised. When sold parcels and unsold parcels are appraised equally, the average unit values are similar. These sales and equity studies are performed prior to final appraisal and to annual noticing.

## **BUSINESS PERSONAL PROPERTY VALUATION ANALYSIS**

### **Resources**

- **Personnel** – Business Personal Property is valued by the business personal property appraiser with assistance from the roving clerk.
- **Data** – A common set of data characteristics for each personal property account in Lamar CAD is collected in the field and data entered in the computer system in the office. The personal property appraiser collects the field data and maintains electronic property files, making updates and changes gathered from field inspections, newspapers, property renditions, sales tax permit listings, interviews with property owners, and other sources.

### **SIC Code Analysis**

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

SIC code identification and delineation is the cornerstone of the personal property valuation system at the district. All the personal property analysis work done in association with the personal property valuation process is SIC code specific. SIC codes are delineated based on observable aspects of homogeneity and business use.

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

The highest and best use of property is the reasonable and probable use that supports the greatest income and the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of personal property is normally its current use.

### **DATA COLLECTION/VALIDATION**

The Business Personal Property appraiser uses data collection procedures she has developed through years of experience in appraising and valuing personal property. These procedures consist of categorization standards and field review standards. Data is also obtained through annual renditions from business personal property owners.

### **Sources of Data**

From year to year, reevaluation activities permit appraisers to collect new data via annual field inspections. This project results in the discovery of new businesses, changes in ownership, changes in assets, relocation of businesses, and closures of businesses not revealed through other sources. City and local newspapers and the public often provide the district with information regarding new personal property and other useful facts related to property valuation.

An outside vendor provides Lamar 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.

### **VALUATION AND STATISTICAL ANALYSIS (Model Calibration)**

#### **Cost Schedules**

Cost schedules are developed based on the SIC code by the Property Tax Division of the Comptroller's Office and by district personal property appraisers. The cost schedules are

developed by analyzing cost data from property owner renditions, hearings, state schedules, and published cost guides. The cost schedules are reviewed as necessary to conform to changing market conditions. The schedules are typically a price per square foot format, but some exception SICs are in an alternate price per unit format, such as per chair for beauty shops.

### **Depreciation Schedule and Trending Factors**

Lamar CAD's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) is either developed from the property owner reported historical cost or from CAD developed valuation models. The trending factors used by the CAD to develop RCN are based on published valuation guides. The percent good depreciation factors are based on a schedule developed by the personal property appraiser. The index factors and percent good depreciation factors are 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 used as an express calculation in the cost approach. 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 is used to ensure that estimated values are uniform and consistent within the market and reflect current economic pressures of supply and demand.

## EXHIBIT A

### **CAD Plan for Periodic Reappraisal of Industrial Real Property**

Subsections (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of selected industrial property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC. (CAG) to appraise these properties for the CAD.
  - (1) Identifying properties to be appraised: Industrial properties are identified as part of the appraiser's physical inspection process each year and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.
  - (2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Confidential rendition, assets lists, and other confidential data also provide additional information. Subject property data is verified through previously existing records and through published reports.
  - (3) Defining market areas in the district: Market areas for industrial properties tend to be regional, national and sometimes international. Published information such as prices, financial analysis and investor services reports are used to help define market area.
  - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: Among the three approaches to value (cost, income and market), industrial properties are most commonly appraised using replacement/reproduction cost new less depreciation models because of readily available cost information. If sufficient income or market data are available, those appraisal models may also be used.

- (5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property and that are based on the most reliable data 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.

## EXHIBIT B

### **CAD Plan for Periodic Reappraisal of Industrial Personal Property**

Subsection (a) and (b), Section 25.18, Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the Board of Directors under section 6.05 (i).
- (b) The plan provides for annual reappraisal of all industrial personal property appraised by the CAD. The CAD has a professional services contract with capitol Appraisal Group, LLC. CAG will appraise these properties for the CAD.
  - (1) Identifying properties to be appraised: The appraiser may also refer to other documents, both public and confidential, to assist in the 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 process: 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 a confidential rendition. These data sources are verified through previously existing records and public reports.
  - (3) Defining market areas in the district: Market areas for industrial personal property is general either regional or national in scope. Published price sources are used to help define market areas.
  - (4) 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 available, and a market data model is used when appropriate market sales information is available.

- (5) Comparison and Review: 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 by a more experienced also contributes to the review process.

## EXHIBIT C

### **CAD Plan for Periodic Reappraisal of Oil and Gas Property**

In accordance with Section 25.18 of the Tax Code:

- (b) CAD shall implement the plan for periodic reappraisal of property as approved by the board of directors under Section 6.05 (i).
- (c) The plan provides for annual reappraisal of all oil and gas property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAG) to appraise these properties for the CAD.
  - (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, CAGI 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 CAGI's 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. CAGI 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.
  - (3) 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.

- (4) 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, the appraiser can 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.
- (5) 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 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.

## EXHIBIT D

### **CAD Plan for Periodic Reappraisal of Utility, Railroad and Pipeline Property**

Subsections (a) and (b), Section 25.18, Tax Code:

- (d) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
  
- (b) The plan provides for annual reappraisal of all utility, railroad and pipeline property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAG) to appraise these properties for 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 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 property characteristics affecting value and determines the contribution of 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 model [RCNLD]. In addition to the RCNLD indicator, a unit value model may also be used if appropriate data are available. Utility

and railroad property are appraised in a manner like 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.

## SECTION 2 – CALENDAR OF EVENTS

### January 1

- Date that taxable values (except for inventories appraised Sept. 1) and qualification for certain exemptions are determined for the tax year (Secs. 11.42(a), 23.01(a), 23.12(f)).
- Date a tax lien attaches to property to secure payments of taxes, penalties and interest that will be imposed for the year (Sec. 32.01(a)).
- Date that members of county appraisal district (CAD) boards of directors begin two-year terms; half the members begin two-year terms if the CAD has staggered terms (Secs. 6.03(b), 6.034(a)and(e)).
- Date that half of appraisal review board (ARB) members begin two-year terms and that ARB commissioners begin one year terms (Sec. 6.41(d-8)).
- Date by which ARB commissioners, if appointed in the county, are required to return a list of proposed ARB members to the local administrative district judge (Sec. 6.41(d-7)).
- Deadline for chief appraisers to notify the Comptroller's office of eligibility to serve as chief appraisers (Sec. 6.05(c)).
- Date the temporary exemption for qualified property damaged by disaster expires as a qualified property of the first tax year in which the property is reappraised under Sec. 25.18 (Sec 11.35(k)).

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- Date rendition period begins(Sec. 22.23(a)).

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- If a tax bill from the previous year is mailed after this date, the delinquency date is postponed (Sec. 31.04(a)).

31

- Deadline for the Comptroller's office to publish the preliminary Property Value Study (PVS) findings, certify findings to the Texas Education Commissioner, and deliver findings to each school district (Gov't Code Sec. 403.302(g))  
\*NOTE: A qualified school district or property owner may protest preliminary findings by filing a petition with the Comptroller not later than the 40th day after the date (whether Jan. 31 or an earlier date) on which the Comptroller's findings are certified to the Texas Commissioner of Education (Gov't Code Sec.403.303(a)).
- Last day for chief appraiser to deliver applications for agricultural designation and exemptions requiring annual applications (Secs. 11.44(a)), 23.43(e)).
- Last day for disabled or age 65 or older homeowners or disabled veterans and their surviving spouses qualified for Sec. 11.22 exemptions to provide notice of intent to pay by installment and pay the first installment of homestead property taxes if the delinquency date is Feb. 1. Other delinquency dates have different installment notice and payment deadlines. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031(a-1)).

- Last day for homeowners or qualified businesses whose properties were damaged in a disaster within a designated disaster area to pay the first installment for taxes with Feb. 1 delinquency dates if using installment payment option. Other delinquency dates have different notice and payment deadlines (Sec. 31.032(b)).
- Last day for a CAD to give public notice of the capitalization rate to be used in that year to appraise property with low- and moderate-income housing exemption (Sec. 11.1825(r)).

#### February 1

- Last day for motor vehicle, vessel and outboard motors, heavy equipment and manufactured housing dealers to file dealer's inventory declarations (Secs. 23.121(f), 23.124(f), 23.1241(f), 23.127(f)).
- Date that taxes imposed the previous year become delinquent if a bill was mailed on or before Jan. 10 of the current year (Secs. 31.02(a), 31.04(a)).
- Rollback tax and interest for change of use of 1-d, 1-d-1, timber, and restricted-use timber land become delinquent if taxing unit delivered a bill to the owner at least 20 days before this date (Secs. 23.46(c), 23.55(e), 23.76(e), 23.9807(f)).
- Deadline for chief appraisers in certain counties to provide notice regarding the availability of agreement forms authorizing electronic communication, on or before this date (or as soon as practicable) Sec. 1.085(h)).

#### 15

- Last day for tax collector to disburse motor vehicle, vessel and outboard motor, heavy equipment and manufactured housing inventory taxes from escrow accounts to taxing units (Secs. 23.122(k), 23.1242(j), 23.125(k), 23.128(j)).

#### 28

- (29 if a leap year)
- Last day to request separate appraisal for interest in a cooperative housing corporation (Sec. 23.19(c)).

#### March 31

- Last day for taxing units' second quarterly payment for the current year CAD budget (Sec. 6.06(e)).
- Last day for disabled or age 65 or older homeowners or disabled veterans and their surviving spouses qualified for Sec. 11.22 exemptions to pay second installment on taxes with Feb. 1 delinquency dates. Other delinquency dates have different installment payment deadlines. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031(a) and (a-1)).
- Last day for homeowners or qualified businesses whose properties were damaged in a disaster area to pay second installment on taxes with Feb. 1 delinquency dates. Other delinquency dates have different installment payment deadlines (Sec. 31.032(a) and (b)).
- Last day for qualified community housing development organizations to file listing of property acquired or sold during the past year with the chief appraiser (Sec. 11.182(i)).

April 1

- Last day for qualifying local governments to submit completed applications to the Comptroller's office to receive disabled veterans assistance payments for previous fiscal year (Local Gov't Code Sec. 140.011(e)).
- Last day (or as soon as practicable thereafter) for chief appraiser to mail notices of appraised value for single-family residence homestead properties (Sec. 25.19(a)).
- Last day (or as soon thereafter as practicable) for chief appraiser to deliver a clear and understandable written notice to property owner of a single-family residence that qualifies for an exemption under Sec. 11.13 if an exemption or partial exemption that was approved for the preceding year was canceled or reduced for the current year (Sec. 25.193(a)).
- Last day for the chief appraiser to notify the taxing units of the form in which the appraisal roll will be provided to them (Sec. 26.01(a)).

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- Last day to file renditions and property reports on most property types. Chief appraiser must extend deadline to May 15 upon written request (Sec. 22.23(a) and (b)).

\*\*NOTE: The Comptroller and each chief appraiser are required to publicize the legal requirements for filing rendition statements and the availability of the forms in a manner reasonably designed to notify all property owners of the law (Sec. 22.21). Chief appraisers need to check with their legal counsel to determine the manner and timing of this notice to meet the legal requirement.

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- Last day for property owners to file these applications or reports with the CAD:
- Some exemption applications (Sec. 11.43(d))\*
- Notice to chief appraiser that property is no longer entitled to an exemption not requiring annual application (Sec. 11.43(g));
- Certain applications for special appraisal or notices to chief appraiser that property no longer qualifies for 1-d agricultural land, 1-d-1 agricultural land, timberland, restricted-use timberland, recreational-park-scenic land and public access airport property (Secs. 23.43(b), 23.54(d) and (h), 23.75(d) and (h), 23.84(b) and (d), 23.94(b) and (d), 23.9804(e) and (i));
- Railroad rolling stock reports (Sec. 24.32(e));
- Requests for separate listing of separately owned land and improvements (Sec. 25.08(c));
- Requests for proportionate taxing of a planned unit development association property (Sec. 25.09(b));
- Requests for separate listing of separately-owned standing timber and land (Sec. 25.10(c));
- Requests for separate listing of undivided interests (Sec. 25.11(b)); and
- Requests for joint taxation of separately owned mineral interests (Sec. 25.12(b)).
- Last day for chief appraiser to certify estimate of the taxable value for counties, municipalities, and school districts (counties and municipalities can choose to waive the estimate) (Sec. 26.01(e) and (f)). A school district with a fiscal year

beginning July 1 may use this certified estimate when preparing the notices of public meetings to adopt the budget and discuss the proposed tax rate (Educ. Code Sec. 44.004(g)-(j)).

Last day to file rendition statements and property reports for property regulated by the Texas Public Utility Commission, Texas Railroad Commission, federal Surface Transportation Board or the Federal Energy Regulatory Commission. Chief appraiser must extend deadline to May 15 upon written request (Sec. 22.23(d)).

Last day for property owners to file applications for allocation under Secs. 21.03, 21.031, 21.05 or 21.055. For good cause, chief appraiser shall extend deadline up to 30 days. Other deadlines apply if the property was not on the appraisal roll in the previous year. (Sec. 21.09(b)).

\*Exemption applications for cemeteries, certain charitable organizations, religious organizations, private schools, nonprofit water supply or wastewater service corporations and other nonprofit organizations must be filed within one year of acquiring the property (Secs. 11.42(d) and 11.43(d)). Unless birth date information has been provided to the CAD, persons who become age 65 or qualify as disabled during a tax year must apply for the applicable homestead exemptions within one year of qualifying (Sec. 11.43(k) and (m)).

May

May

1

Last day (or as soon as practicable thereafter) for chief appraiser to mail notices of appraised value for properties other than single-family residence homesteads (Sec. 25.19(a)).

Last day (or as soon thereafter as practicable) for chief appraiser to deliver a clear and understandable written notice to the property owner of residence homestead property that does not qualify for an exemption under Sec. 11.13 if an exemption or partial exemption that was approved for the preceding year was canceled or reduced for the current year (Sec. 25.193(a)).

1-14

Period to file resolutions with chief appraiser to change CAD finance method (Sec. 6.061(c)).

1-15

Period when chief appraiser must publish notice about taxpayer protest procedures in a local newspaper with general circulation (Sec. 41.70(a) and (b)).

NOTE: Chief appraisers must annually publicize property owner rights and methods to protest to the ARB (Sec. 41.41(b)). Chief appraisers should consult legal counsel on the manner and timing to fulfill this requirement.

2

Beginning of time period when taxing units must notify delinquent taxpayers that taxes delinquent on July 1 will incur additional penalty for attorney collection costs at least 30 days and not more than 60 days before July 1. Period ends on June 1 (Sec. 33.07(d)).

15

- Last day to file renditions and property reports for most property types if an extension was requested in writing. Chief appraiser may extend deadline an additional 15 days for good cause (Sec. 22.23(b)).
- Date (or as soon as practicable thereafter) for chief appraiser to prepare appraisal records and submit to ARB (Secs. 25.01(a), 25.22(a)).
- Last day to file most protests with ARB (or by 30th day after notice of appraised value is delivered, whichever is later) (Sec. 41.44(a)(1)).

19

- Last day for chief appraiser to determine whether a sufficient number of eligible taxing units filed resolutions to change CAD's finance method (Sec. 6.061(d)).

24

- Last day for chief appraiser to notify taxing units of change in the CAD's finance method (Sec. 6.061(d)).

31

- Last day for taxing units to file challenges with ARB (or within 15 days after the date the appraisal records are submitted to ARB (whichever is later) (Sec. 41.04).
- Last day for disabled or age 65 or older homeowners or disabled veterans and their surviving spouses qualified for Sec. 11.22 exemptions to pay third installment on taxes with Feb. 1 delinquency dates. Other delinquency dates have different installment payment deadlines. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031(a) and (a-1)).
- Last day for homeowners and qualified businesses whose properties were damaged in a disaster area to pay third installment on taxes with Feb. 1 delinquency dates. Other delinquency dates have different installment payment deadlines (Sec. 31.032(a) and (b)).
- Last day for a religious organization that has been denied an 11.20 exemption because of its charter to amend the charter and file a new application (or before the 60th day after the date of notification of the exemption denial, whichever is later) (Sec. 11.421(b)).
- Last day for taxing unit to take official action to extend the date by which aircraft parts must be transported outside the state after acquired or imported to up to 730 days for the aircraft parts to be exempt from taxation as freeport goods for the current and subsequent tax years (Sec. 11.251(l)).

June

14

- Last day for chief appraiser to submit proposed budget for next year to CAD board and taxing units (unless taxing units have changed CAD's fiscal year) (Sec. 6.06(a) and (i)).

15

- Last day (or the 60th day after the date on which the chief appraiser delivers notice to the property owner under Sec 22.22, if applicable) for chief appraisers to accept and approve or deny late-filed freeport exemption applications (Sec. 11.4391(a)).

16

- Beginning date that CAD board may pass resolution to change CAD finance method, subject to taxing units' unanimous approval. Period ends before Aug. 15 (Sec. 6.061(a)).

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- Last day to pay second half of split payment for taxes imposed last year (Sec. 31.03(a)).
- Last day for taxing units' third quarterly payment for CAD budget for the current year (Sec. 6.06(e)).
- Last day to form a taxing unit to levy property taxes for the current year (Sec. 26.12(d)).
- Last day for taxing units to adopt local option percentage homestead exemptions (Sec. 11.13(n)).
- Last day for a private school that has been denied an 11.21 exemption because of the charter to amend the charter and file a new application (or the 60th day after the date of notification of the exemption denial, whichever is later) (Sec. 11.422(a)(1)).

July

1

- Date that delinquent taxes incur total 12 percent penalty (Sec. 33.01(a)).
- A taxing unit or CAD may provide that taxes that become delinquent on or after Feb. 1 of a year but not later than May 1 of that year and that remain delinquent on July 1 of the year in which they become delinquent incur an additional penalty to defray costs of collection, if the unit or CAD or another unit that collects taxes for the unit has contracted with an attorney to enforce the collection of delinquent taxes (Sec. 33.07(a)).

\*\*NOTE: Taxing units and CADs that have imposed the additional penalty for collection costs under Sec. 33.07 may provide for an additional penalty for attorney collection costs of taxes that become delinquent on or after June 1 under Secs. 26.07(f), 26.15(e), 31.03, 31.031, 31.032, 31.04, or 42.42. The penalty is incurred on the first day of the first month that begins at least 21 days after the date the collector sends the property owner a notice of delinquency and penalty (Sec 33.08(a) and (c)).

- Last day for review and protests of appraisals of railroad rolling stock values (or as soon as practicable thereafter); once the appraised value is approved, the chief appraiser certifies to the Comptroller's office the allocated market value (Secs. 24.35(b), 24.36).

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- Date ARB must approve appraisal records, but may not do so if more than 5 percent of total appraised value remains under protest. The board of directors of a CAD in a county with a population of 1 million or more may postpone the deadline to Aug. 30 or increase the threshold percentage from 5 to 10 percent of the appraised value of properties not under protest (Sec. 41.12(a)-(c)).

25

- Last day for Comptroller's office to certify apportionment of railroad rolling stock value to counties, with supplemental records after that date (Secs. 24.38, 24.40).
- Last day for chief appraiser to certify appraisal roll to each taxing unit (Sec. 26.01(a)).
- Last day for chief appraiser to prepare and certify to the assessor for each taxing unit an estimate of the taxable value of the property if the ARB has not approved the appraisal records by July 20 (Sec. 26.01(a-1)).

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- Last day for disabled or age 65 or older homeowners or disabled veterans and their surviving spouses qualified for Sec. 11.22 to pay fourth installment on taxes with Feb. 1 delinquency dates. Other delinquency dates have different installment payment deadlines. This deadline also applies to partially disabled veterans and their surviving spouses with homesteads donated from charitable organizations (Sec. 31.031(a-1)).
- Last day for homeowners and qualified businesses whose properties were damaged in a disaster area to pay fourth installment on taxes with Feb. 1 delinquency dates. Other delinquency dates have different installment payment deadlines (Sec. 31.032(b)).
- Last day for property owners to apply for Sept. 1 inventory appraisal for the next year (Sec. 23.12(f)).

August

1

- Date taxing unit's assessor submits appraisal roll and date that collector submits collection rate estimate for the current year to the governing body (or soon after as practical) (Sec. 26.04(b)).

7

- Date taxing units (other than school districts, small taxing units and water districts) must publicize no-new-revenue and voter-approval tax rates, unencumbered fund balances, debt obligation schedule and other applicable items (or as soon as practical thereafter) (Secs. 26.04(e) and (e)(1), 26.052(b) and Water Code Secs. 49.107(g), 49.108(f)).

14

- Last day for CAD board to pass resolution to change CAD finance method, subject to taxing unit's unanimous consent (Sec. 6.061(a)).
- Last day for CAD board to pass resolution to change number of directors, method for appointing, or both, and deliver the resolution to each taxing unit (Sec. 6.031(a)).

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- Deadline for Comptroller's office to certify final PVS findings to Education Commissioner except as provided (Comptroller Rule Sec. 9.4317(d)).

30

- Date ARB must approve appraisal records for CADs in counties with populations of 1 million or more where the board of directors has postponed the deadline from July 20 (Sec. 41.12(c)(1)).

31

- If a tax bill is returned undelivered to a taxing unit by the United States Postal Service, a taxing unit must waive penalties and interest if the taxing unit does not send another tax bill at least 21 days before the delinquency date to the current mailing address furnished by the property owner and the property owner establishes that a current mailing address was furnished to the CAD for the tax bill before Sept. 1 of the year in which the tax is assessed (Sec. 33.011(b)(1)).
- Last day taxing units may file resolutions with the CAD board to oppose proposed change in the CAD finance method (Sec. 6.061(a)).
- Last day for taxing unit entitled to vote for appointment of CAD directors to file a resolution opposing a change by the CAD board in the number and selection of directors (Sec. 6.031(a)).
- Deadline to file form with chief appraiser and collector to elect not to be treated as a motor vehicle inventory dealer for the next tax year, if eligible (Sec. 23.121(a)(3)(D)(iii)).

September

1

- Date that taxable value of inventories may be determined at property owner's written option (Sec. 23.12(f)).

14

- Last day for CAD board to adopt CAD budget for the next year, unless a district has changed its fiscal year (Sec. 6.06(b) and (i)).
- Last day for CAD board to notify taxing units in writing if a proposal to change a finance method by taxing units' unanimous consent has been rejected (Sec. 6.061(a)).
- Last day for CAD board to notify taxing units in writing if a proposal to change the number or method of selecting CAD directors is rejected by a voting taxing unit (Sec. 6.031(a)).

29

- Last day for taxing units to adopt tax rate for the current year, or before the 60th day after the date the certified appraisal roll is received by a taxing unit, whichever is later. Failure to adopt by these required dates results in a unit adopting the lower of its no-new-revenue tax rate for this year or last year's tax rate; unit's governing body must ratify new rate within five days of establishing rate (Sec. 26.05(a) and(c)).

30

- Last day for taxing units' fourth quarterly payment for CAD budget for the current year (Sec. 6.06(e)).

October

1

- Date tax assessor mails tax bills for the year (or soon after as practical) (Sec. 31.01(a)).

November

30

- First half of split payment of taxes is due on or before this date (Sec 31.03(a)).

December

1-31

- Time when appraisal office may conduct a mail survey to verify homestead exemption eligibility (Sec. 11.47(a)).

31

- Last day for taxing units' first quarterly payment for CAD budget for next year (Sec. 6.06(e)).
- Last day for taxing units to take official action to tax goods-in-transit for the following tax year (Sec. 11.253(j)).

## **Section 3 – Mass Appraisal Report**

### **LAMAR COUNTY APPRAISAL DISTRICT 2020 MASS APPRAISAL REPORT**

#### **Introduction**

##### **Purpose**

The purpose of this report is to better inform the property owners within the boundaries of the Lamar County Appraisal District (LCAD) and to comply with Standards Rule 6-7 of Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 2005. Standards Rule 6-7 addresses a written summary report of a mass appraisal for ad valorem taxation. Mass appraisal is the process of valuing a group of properties as of a given date, using standard methods, and employing common data, which allows for statistical testing. The intended use of the appraised value is to establish a tax base upon which a property tax will be levied. Each taxing unit within LCAD boundaries will use the appraised values for ad valorem tax purposes only.

The purpose of the appraisals performed by LCAD is to estimate market value on January 1 of each year as defined by the Texas Property Tax Code (Sec. 1.04) on all taxable property within the boundaries of LCAD. Sec 1.04 defines “Market Value” as the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

#### ***Responsibilities***

The appraisal district is responsible for appraising property in the district for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on the property in the district. LCAD serves the public and thirteen taxing entities of Lamar County. Taxing entities in Lamar County are composed of five school districts, five cities, one junior college district, and the county.

In 2020 the appraisal district certified to Lamar County a total of \$5,799,717,600 in market value before exemptions and ag use valuations, with a parcel count of 36,954. At certification, at least 95% of market value was not under protest with the ARB. The following report entitled “*CAD State Category Breakdown*” are the values by property type:

• Real, single family	\$1,310,573,762
• Real, multi-family	\$83,820,470
• Real vacant lots and small tracts	\$40,606,025
• Real, qualified ag land	\$999,489,544
• Real, non-qualified land	\$86,853,468
• Real, farm & ranch improvements	\$625,822,668
• Real, commercial	\$290,440,045
• Real, industrial	\$696,673,650
• Real, oil, gas, and other mineral reserves	\$24,692
• Water systems	\$1,960
• Gas distribution system	\$13,600,150
• Electric Company (including co-op)	\$77,566,570
• Telephone Company (including co-op)	\$9,014,630
• Railroad	\$2,196,340
• Pipeline Company	\$173,261,100
• Cable Television Company	\$4,783,920
Commercial Personal Property	\$178,902,050
Industrial Personal Property	\$660,861,570
• Tangible Other Personal Property (MH)	\$7,401,350
Residential Inventory	\$1,336,910
Special Inventory	\$19,492,950
• Exempt	\$486,921,261

## Organizational Structure

The Texas Legislature created the Lamar County Appraisal District. LCAD appraises property and prepares assessments of real and personal property taxes for twelve taxing entities in Lamar County, Texas. LCAD is a political subdivision of the State of Texas. The appraisal district is governed by a five-member board of directors elected by the taxing entities in the county. The board appoints the chief appraiser who serves at the pleasure of the board. The board also approves the budget and sets policy. The chief appraiser is the chief administrator of the appraisal district and may employ and compensate professional, clerical, and other personnel as provided by the budget. The chief appraiser may delegate authority to his employees. LCAD currently has thirteen full-time employees and two part-time employees.

All appraisers are required to be registered with the Texas Department of Licensing and Regulation. The TDLR registration requires that each appraiser must successfully complete a five-year educational program and pass a required number of course hours within a specified time. Additionally, all appraisers must pass required exams at levels three and four of the certification requirements. After successfully completing the required curriculum and approval of a demonstration appraisal or taking an additional appraisal course, an appraiser is awarded the designation of Registered Professional Appraiser (RPA). There is also a requirement of at least thirty hours of continuing education units every year to re-certify the RPA designation. LCAD currently has four RPAs on staff. The LCAD appraisal staff stays abreast of current

trends affecting property through review of published materials, attendance at conferences, course work and continuing education.

Appraisers are responsible for the discovery, listing, and appraisal of all types property. A physical re-inspection of Lamar County was performed for the 2020 tax year. Capitol Appraisal Group, LLC has been doing the appraisal of utilities, industrial and some personal property for several years. The Chief Appraiser and staff continually strive to improve the quality and performance of all appraisals. The mission of the appraisal district is to appraise all property in the district at market value equally and uniformly, and to communicate that value to each taxpayer and taxing jurisdiction.

### ***Assumptions and limiting Conditions***

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Lamar County Appraisal District.
4. All properties are appraised in fee simple interest in accordance with Texas Property Tax Code Section 25.06. (Jurisdictional exception to Standards Rules 6-4 © and 6-5 © of USPAP)
5. All sketches in the appraisal records are intended to be visual aids with rounded measurements and should not be construed as surveys or engineering reports, etc.
6. All information in the appraisal records has been obtained by members of the appraisal district's staff or other reliable sources.
7. The appraisal staff inspects, as permitted, by observation, the land and the improvements thereon; however, it is not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made as to these matters, unless specifically considered in an individual appraisal.
8. All interior inspections are performed at the property owner's request. All other inspections performed are external and assume the quality, condition and desirability of the interior are approximately equal to that of the exterior, unless otherwise known.
9. Agricultural land is appraised at market value using a market data model based on market sales information. Subsurface rights (mineral and oil) are not considered in making these appraisals.

## **Single-Family Residences**

Single-family residences consist of all land and real property improvements, which by the nature of their design and/or construction are suitable for single-family use only. This includes manufactured homes, which are classified as real property when the owner of the land is also the owner of the manufactured home and designates the manufactured home as real property. The manufactured homes are classified as personal property and set up as improvement-only accounts otherwise. The appraisals completed by LCAD for single-family residences are subject to the following assumptions and limiting conditions:

1. Lamar County Appraisal District's staff has physically inspected all single-family residences within Lamar County, and plans to re-inspect these properties at least once every three years. Interior inspections have not been done on a majority of the properties because (1) most residential owners are not at their residence during regular business hours, (2) permission to inspect is not always granted, (3) the safety of the appraiser may be in question, and (4) respect for privacy rights of the property owner should be exercised.
2. The opinion of value for each single-family property applies to land and improvement only. The value of personal property of an owner has not been included with the value of the real estate.
3. Residential real property inventory as defined by the Texas Property Tax Code in Section 23.12 shall be considered as inventory and the market value shall be the price for which it would sell as a unit to a purchaser who would continue the business. (Jurisdictional Exception to Standards Rule 6-4 (b) of USPAP).

### **Data Collection and Validation**

Two basic types of data are collected: data that is specific to each property and data that is indicative of a particular class of property that has been predefined by LCAD.

Property-specific data is collected as part of the inspection process, building permits and through submission by the property owner. As part of the inspection process, the improvements are measured and classified. The appraiser also estimates the effective age (condition) of the improvements. Any additional or unusual features are also noted at the time of the inspection. Data on individual properties are maintained on the appraisal card for that property. Data on individual properties is verified through previously existing records, published records, building permits, analysis of comparable properties and through submission by the property owner. Appraisal data is available for review at the appraisal district office.

Data pertaining to a class of properties is grouped together according to the differing quality levels, and then used to develop valuation models for each property class. Such data is collected in a variety of ways. Cost information is obtained from nationally recognized sources and from data submitted by owners.

Market sales information is collected through a variety of sources including surveys of buyers and sellers and deed records, and Multiple Listing Service.

### **Valuation Approach and Analysis of Real Property**

Improvements are appraised using replacement cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information, and comparable properties. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on public sources, market evidence, and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if diminished utility and comparable sales are found to justify such. A comparable sales model is used when appropriate sales information is available. The model is calibrated for site values, improvement quality, living area, condition and extra features.

Land values are based on selling prices for the appropriate highest and best use of the site, and as though it was vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use and is essential to an accurate appraisal. Identification of a highest and best use different from the current or intended use has a significant effect on the cost and market data models and is always a statement of opinion, not a statement of fact. An exception to this rule was passed into law during the legislative session in 2009, instructing appraisal districts to value residential homesteads according to their use as a residential homestead rather than for highest and best use.

## **Business Personal Property 2020 Summary Report**

### **Overview**

Business personal property is the tangible personal property owned by a business or by an individual to producing income. Other tangible personal property is exempt according to Sec. 11.14 (a) of the Texas Property Tax Code.

### **Data Collection and Validation**

Data on new and existing businesses is collected through personal inspection, newspaper articles, government reports, comparisons to like businesses, renditions, and other confidential information supplied by the owner. Due to the multitude of personal property types, there is no standard data collection form or manual.

### **Valuation Approach and Analysis**

Personal property as defined by the Uniform Standards of Professional Appraisal Practice is “identifiable, portable and tangible objects which are considered by the general public to be ‘personal’, e.g. furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment: all property that is not classified as real estate”. The Texas Property Tax Code Section 1.04(5) defines tangible personal property as “personal property that can be seen, weighed, measured, felt, or

otherwise perceived by the senses but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value.” The Texas Property Tax Code Section 1.04(4) defines personal property as “property that is not real property”.

The purpose of the appraisals of business personal property is to estimate market value on January 1 of each year. A separate definition of market value for inventory is found in the Texas Property Tax Code Sec. 21.12(a): “the market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business”.

Personal property is appraised using original cost less depreciation models. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence, and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if utilization for the subject property justifies such. In the case of personal property types, such as licensed vehicles and aircraft, market data from published pricing guides is used to construct a market value estimate. In other cases, estimates are based on quality and density information available through published sources or through private sources. These estimates are typically cost based.

#### **Certification**

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the appraisal staff’s personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on the reporting of a predetermined value, or direction in value, that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The LCAD appraisal staff and the Chief Appraiser made personal inspections of the property that is the subject of this report.

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Jerry E. Patton, RPA, RTA  
Chief Appraiser

In accordance with Texas Property Tax Code § 6.05(i):

The 2021-2022 Adopted Reappraisal Plan will be delivered to all taxing units participating in the Lamar County Appraisal District within the 60-day time frame as prescribed by the Texas Property Tax Code.

A public hearing was held on September 9, 2020 to consider the 2021-2022 Reappraisal Plan.

The 2021-2022 Reappraisal Plan was approved on September 9, 2020 .

Jerry E. Patton, RPA, RTA  
Chief Appraiser