

Appraisal Process

APPRAISAL DISTRICTS WERE CREATED BY THE TEXAS LEGISLATURE IN 1979 AND BECAME THEIR OWN CENTRALIZED OFFICE BY 1982.

UNDER THE LAW, THE COLORADO COUNTY APPRAISAL DISTRICT (CCAD) IS MOSTLY RESPONSIBLE FOR THE ANNUAL VALUATION OF PROPERTIES THROUGHOUT THE COUNTY, ALONG WITH A NUMBER OF OTHER ACTIVITIES INVOLVED THE TEXAS PROPERTY TAX SYSTEM. THE CCAD IS REQUIRED TO APPRAISE ACCURATELY AND EQUITABLY ALL RESIDENTIAL, COMMERCIAL, INDUSTRIAL, AND BUSINESS PERSONAL PROPERTY WITHIN OUR DISTRICT USING STANDARD, WELL-ESTABLISHED, AND PROFESSIONAL MASS APPRAISAL PRACTICES.

THE TEXAS CONSTITUTION REQUIRES THAT ALL PROPERTIES ARE VALUED FAIRLY AND UNIFORMLY, AND TO BE VALUED AT 100% OF THEIR MARKET VALUE. ADJUSTMENTS MADE TO VALUES ARE BACKED BY MARKET DATA AND STATISTICAL ANALYSIS. TO FULFILL THIS REQUIREMENT, THE APPRAISAL DISTRICT MUST COLLECT SALES DATA, CONSTRUCTION COSTS (MATERIALS AND LABOR), REPLACEMENT COSTS, INCOME STREAMS AND EXPENSE DATA AND ANY PERTINENT DATA FROM THE PREVIOUS YEAR. THIS INFORMATION IS FURTHER ORGANIZED, CATEGORIZED, AND ANALYZED BY WAY OF RATIO STUDIES AND ANALYSIS.

THE COLORADO COUNTY APPRAISAL DISTRICT IS COMMITTED TO VALUING PROPERTIES OBJECTIVELY AND FREE FROM EXTERNAL INFLUENCE.

VALUING PROPERTY

With few exceptions, *Property Tax Code Section 23.01* requires taxable property to be appraised at market value as of January 1st; *Property Tax Code Section 1.04* defines market value [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 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
- both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

HOW PROPERTY IS VALUED

Each county appraisal district determines the value of all taxable property within the county boundaries.

Property Tax Code Section 25.18 requires appraisal districts to reappraise all property in its jurisdiction at least once every three years.

Property Tax Code Section 23.01 requires that appraisal districts comply with the Uniform Standards of Professional Appraisal Practice if mass appraisal is used, and that the same appraisal methods and techniques be used in appraising the same or similar kinds of property.

Individual characteristics that affect the property's market value must be evaluated in determining the property's market value.

Before appraisals begin, the appraisal district compiles a list of taxable property. The list contains a description and the name and address of the owner for each property.

In a mass appraisal, the appraisal district then classifies properties according to a variety of factors, such as size, use and construction type. Using data from recent property sales, the appraisal district appraises the value of typical properties in each class. Considering differences such as age or location, the appraisal district uses typical property values to appraise all the properties in each class.

Three common approaches that the appraisal district may use in appraising property are the sales comparison (market) approach, the income approach and the cost approach.

1. *The market approach to value is based on sales prices of similar properties. It compares the property being appraised to similar properties that have recently sold and then adjusts the comparable properties for differences between them and the property being appraised.*
2. *The income approach is based on income and expense data and is used to determine the present worth of future benefits. It seeks to determine what an investor would pay now for a future revenue stream anticipated to be received from the property.*
3. *The cost approach is based on what it would cost to replace the building (improvement) with one of equal utility. Depreciation is applied and the estimate is added to the land value.*

NOTICE OF APPRAISED VALUE

A Notice of Appraised Value informs the property owner if the appraisal district intends to increase the value of a property.

Chief appraisers send two kinds of notices of appraised value.

A detailed notice contains the description of the property; taxing units allowed to tax the property; preceding year's appraised value; preceding year's taxable value; current year's appraised value; an explanation of available partial or total exemptions; last year and current year exemptions; estimate of taxes based on previous year's tax rates if the appraised value is greater in the current year; statutory language; explanation of how to protest; ARB hearing information; and an explanation that the appraisal district only determines a property's value and does not decide on tax increases.

A detailed notice is sent if:

- ❖ The value of a property is higher than it was in the previous year (The appraisal district's board can decide that it will send detailed notices only if a property's value increases by more than \$1,000.);
- ❖ The value of a property is higher than the value the property owner gave on a rendition
- ❖ The property was not on the appraisal district's records in the previous year; or
- ❖ An exemption or partial exemption approved for the property for the preceding year was canceled or reduced for the current year.

Property Tax Code Section 25.19 requires the chief appraiser to send the notice of appraised value by May 1 or April 1 for residence homesteads, or as soon thereafter as possible.

The Notice of Appraised Value includes a protest form and information about how and when to file a protest with the Appraisal Review Board (ARB) if the property owner disagrees with the appraisal district's actions.

If a property owner disagrees with this value, the property owner may file a protest with the appraisal review board (ARB). The protest form must be filed timely by not later than May 15 or the 30th day after the date that notice to the property owner was postmarked.