

# MASS APPRAISAL REPORT



2024

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## INTRODUCTION

The purpose of this summary report is to aid the taxpaying public in better understanding the methods and techniques utilized by the Colorado County Appraisal District (CCAD) in the valuation and revaluation of taxable property within Colorado County. This report is issued in compliance with the Uniform Standards of Appraisal Practices (USPAP), Standards 5 and 6: Mass Appraisal Development and Reporting. CCAD develops and maintains detailed appraisal manuals for appraisal use.

Colorado County Appraisal District is one of two hundred and fifty-four Central Appraisal Districts formed by the Texas Legislature in 1979 and is charged with the appraisal of all taxable property within the District's boundaries. Colorado County comprises 974 square miles in Southeast Texas and is one of the oldest counties in Texas having been created in 1836. The following taxing entities named below are included in Colorado County Appraisal District's mass appraisal area:

- Colorado County
- Columbus Independent School District
- Hallettsville Independent School District (Part)
- Rice Consolidated Independent School District
- Weimar Independent School District
- City of Columbus
- City of Eagle Lake
- City of Weimar
- The Glidden Freshwater District
- The Garwood Water District
- Rice Hospital District
- Colorado County Groundwater Conservation District
- Coastal Bend Groundwater Conservation District (Part)

Current state law set out in Section 6.02 (a) of the Texas Property Tax Code, mandates that appraisal District boundaries are the same as the county's boundaries.

## ASSUMPTIONS AND LIMITING CONDITIONS

CCAD has taken reasonable steps to secure adequate funding; however, fiscal restraints do impact the mass appraisal process. Limited resources and personnel are available to perform the appraisals; therefore, it is not possible to physically inspect every property included on the appraisal roll. When physical inspections were conducted on real property, they were generally performed with exterior review only. The Texas Property Tax Code does not grant the authority to enter residences to review interior characteristics. Therefore, it is assumed that the interior conditions are consistent with the exterior quality and condition. When physical inspections were made for the valuation of personal property, inspections were made of the entire facility if allowed by the owner or management of the business.

This mass appraisal has been made under the following additional assumptions and limiting conditions:

- It is assumed that the title to the properties is good and merchantable.
- No liability is assumed for matters of a legal nature.
- Assumptions made in the report are based on the best knowledge and judgment of the appraiser and are believed to be typical of the market.
- All properties are appraised as if free and clear of any or all liens or encumbrances unless otherwise stated.
- The existence of hazardous materials or other adverse environmental conditions is not considered unless otherwise indicated.
- Any drawings, photographs, plans, or plats are assumed to be correct and are included solely to assist in visualizing the property.
- It is assumed that there is full compliance with all applicable federal, state, and local regulations and laws unless otherwise noted.
- No responsibility is assumed for hidden or unapparent conditions in the property that may affect its value.
- It is assumed that all required licenses, certificates of occupancy, consents, or other administrative authority from local, state, or federal governments can be obtained or renewed for any use on which the value estimate contained in this report is based.
- A specific survey and analysis of properties to determine compliance with the provisions of the Americans with Disabilities Act has not been performed, and possible non-compliance has not been considered in valuing these properties.
- While it is believed all information included in the appraisal is correct and accurate; the appraiser does not guarantee such.

## USPAP

The CCAD strives to perform Mass Appraisal in compliance with the Uniform Standards of Appraisal Practices, Standards 5 and 6: Mass Appraisal Development and Reporting.

The Chief Appraiser is the chief administrative and executive officer of the appraisal District. The Chief Appraiser employs and directs the District's staff, oversees all aspects of the appraisal District's operations, and performs either directly or through the District staff a variety of

operations. The District employs fourteen (14) additional employees who 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 (TDLR). Support functions, including records maintenance, information and assistance to property owners, and hearings, are coordinated by personnel in support services.

The Chief Appraiser's appraisal responsibilities include:

1. Discover, list, and appraise all property within the CCAD.
2. Determine exemptions and special use requests.
3. Organize periodic reappraisals.
4. Notify taxpayers, taxing units, and the public about matters that affect property values.

## **SCOPE**

The CCAD is responsible for the appraisal of all real and business personal property located within the boundaries of Colorado County. Within Colorado County's boundaries, CCAD is responsible for the fair market appraisal of all property contained in thirteen (13) jurisdictional boundaries.

CCAD subscribes to appraising property en masse for the purpose of ad valorem taxation, adhering strictly to the standards established by the International Association of Assessing Officers. In addition, Colorado County Appraisal District is guided by the principles set forth in The Appraisal Foundation's, Uniform Standards of Professional Appraisal Practice (USPAP). In appraising property for ad valorem tax purposes, the District employs recognized appraisal methods and techniques. Our appraisers conduct mass appraisal utilizing the three approaches to value: COST APPROACH, MARKET APPROACH and INCOME APPROACH.

CCAD contracts with Capitol Appraisal Group, LLC, an appraisal firm, to appraise minerals, industrial plants, pipelines, industrial personal property and utilities within the boundaries of the Appraisal District. In addition, CCAD contracts with Eagle Property Tax Appraisal & Consulting, Inc, to appraise commercial properties within the boundaries of the Appraisal District. The District uses computer software provided by Harris Govern True Automation Inc. for the data processing of all appraisal records.

## **LEGAL REQUIREMENTS**

The Texas Constitution contains the laws that form the foundation for the Texas Property Tax Code. The tax code provides an annotated and cross-referenced version of the tax laws that govern property tax administration in Texas. The provisions contained in the Texas Constitution, the Texas Property Tax Code, related case law, and the Attorney General's opinions serve as the primary sources of law that govern the activities of the CCAD. Furthermore, in Texas, ad valorem tax administration is subject to all the various state, county, and municipal laws.

## **PERSONNEL RESOURCES**

The Interim Chief Appraiser, Jane Armontrout, is primarily responsible for the overall planning, organizing, staffing, coordinating, and controlling of District resources. This includes organizing,

directing, and controlling the business support functions related to tax collections, human resources, budget, finance, records management, purchasing, fixed assets, facilities, and postal services. The District's appraisal department, under the direct supervision of Appraisal Supervisor, Jane Armontrout, is responsible for the valuation of all real and personal property accounts. 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 (TDLR).

The District maintains PACS Appraisal and PACS Collections, appraisal, and appraisal collections software applications, supported by Harris-Govern True Automation. In-house data processing capabilities, the Appraisal District's website, and a geographical information system (ArcView/ESRI) are supported by BIS Consultants.

A Dell EMC PowerEdge T550 serves as the District's mainframe server and hosts the LAN, internet access, document imaging, and Geographic Information System (GIS). The users' base is served by local domain Dell Workstations (PCs). The GIS database contains cadastral maps and various layers of data including aerial photography. The District's website makes a broad range of information available for public access.

## **VALUATION APPROACH**

### **Market Value Defined**

#### **Texas Property Code Definition**

The Texas Property Code (PTC): Section 1.04 (7) 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 in the open market with a reasonable time for the seller to find a purchaser;
- (B) Both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- (C) Both the seller and purchaser seek to maximize their gains, and neither is in a position to take advantage of the exigencies of the other.

### **Supreme Court Rulings Implied Definitions**

- (A) Personal Property Market Value is the price that dealers in the goods are willing to receive.
- (B) Purchasers are willing to pay when goods are bought and sold in the ordinary course of trade.
- (C) Real Property Market Value is the amount of money that probably would be arrived at through fair negotiations between a willing seller and a willing buyer,

taking into consideration the uses to which the property may be put.

### **Appraisal Institute's Definitions of Market Value, Disposition Value, and Liquidation Value**

***Market Value*** is based on the concept of an open and competitive market in which transactions are free of duress or forced liquidation. The report clarifies and rearranges the conditions set forth in the definition as follows. It is the most probable price that a specified interest in real property is likely to bring under all the following conditions:

1. Consummation of a sale as of a specified date.
2. Open and competitive market for the property interest appraised.
3. Buyer and seller each acting prudently and knowledgeably.
4. Price not affected by undue stimulus.
5. Buyer and seller are typically motivated.
6. Both parties act in what they consider their best interests.
7. Adequate marketing efforts made, and a reasonable time allowed for exposure in the open market.
8. Payment made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. Price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

***Disposition Value*** is the most probable price that a specified interest in real property is likely to bring under all the following conditions:

1. Consummation of a sale within a limited future marketing period specified by the client.
2. Current actual market conditions for the property interest appraised.
3. Buyer and seller each acting prudently and knowledgeably.
4. Seller under compulsion to sell.
5. Buyer typically motivated.
6. Both parties acting in what they consider their best interests.
7. Adequate marketing effort made for the limited time allowed for completion of sale.
8. Payment made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. Price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

***Liquidation Value*** is the most probable price that a specified interest in real property is likely to bring under all the following conditions:

1. Consummation of a sale within a severely limited future marketing period specified by the client.
2. Current actual market conditions for the property interest appraised.
3. Buyer acting prudently and knowledgeably.

4. Seller under extreme compulsion to sell.
5. Buyer typically motivated.
6. Buyer acting in what he/she considers his/her best interests.
7. Limited marketing effort made, and limited time allowed for completion of sale.
8. Payment made in cash in U. S. dollars or in terms of financial arrangements comparable thereto.
9. Price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

### **Arm's Length Transactions**

The following types of sales are generally not considered "arm's-length" transactions:

1. Sales involving courts, or in which government agencies or public utilities are principals.
2. Sales in which charitable, religious, or educational institutions are principals.
3. Sales in which a financial institution is the buyer and a lienholder, or the seller of property taken through foreclosure.
4. Sales between relatives.
5. Sales between corporate affiliates.
6. Sales of convenience.
7. Sales settling an estate.
8. Forced sales.
9. Sales of doubtful title.
10. Auctions
11. Foreclosure sales, condemnation sales, or other sales in which the price was not representative of the market.

Although the following are considered "arm's-length", open market sales, because they involve special circumstances, they should be either excluded from analysis or used with caution:

1. Trades.
2. Transactions involving partial interests.
3. Land contracts, contracts-for-deed, and other installment purchase agreements.
4. Incomplete improvements on property.

Regarding inventory held as part of a business, §23.12(a) of the Texas Property Tax Code further provides, in part; "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."

The effective date of appraisals is January 1 except for inventory, which may be appraised at its market value as of September 1. To receive the September 1 appraisal date, a taxpayer must file an application by July 31.

The purpose of and intended use of the appraisals performed by the Colorado County Appraisal

District is to estimate market value for ad valorem tax purposes for the taxing entities located within the boundaries of Colorado County. It is the goal of the staff of the Colorado County Appraisal District to provide the best possible service to the tax paying public and the taxing entities. The Colorado County Appraisal District staff promotes and adheres to the professional standards and ethics as set forth by the Texas Department of Licensing and Regulation, Texas Association of Appraisal Districts, Texas Association of Assessing Officers, and the International Association of Assessing Officers (IAAO).

### **The Three Approaches to Value**

In appraisal, there are three basic approaches to value: Cost Approach, Market Approach, and Income Approach. The Cost Approach estimates the cost of replacing an improvement; the Market Approach focuses on the sale of comparable properties and the Income Approach examines the income stream a property produces.

Most taxable properties in the CCAD are valued using the Cost Approach. Cost schedules are periodically modified to reflect the current CAD marketplace. The cost schedules are tested against commonly accepted sources of building cost information, such as Marshall & Swift, to determine accuracy. Cost estimates are also compared to local market data to determine the level of appraisal. The Market Approach is most often used in fee appraisals rather than mass appraisals because of the amount of detail required to determine adjustments to comparable properties. The lack of sales data also makes this approach to value impossible. The Income Approach is applicable only to income-producing properties.

#### **Cost Approach**

- Estimate the value of the land as if vacant.
- Estimate the cost of replacing the improvements (using cost tables) [square footage x price per square foot]. For linear measurements of one-half foot (6 inches) or less - round down, greater than one-half foot round up. Example: 20 ft 6 inches = 20 ft and 20 ft 7 inches = 21 ft.
- Estimate and subtract the value lost due to accrued depreciation to arrive at the indicated value of the existing improvements.
- Add the indicated improvement value to the land value for the TOTAL value of the property.

#### **Market Approach**

- Select comparable properties (recent sales that are similar to the subject).
- List differences between the comparable and the subject.
- Calculate adjustments and adjust comparables to the subject.
- Estimate the subject's value from the adjusted values of the comparables.

#### **Income Approach**

- Determine the subject property's annual net operating income (NOI).
- Determine the capitalization rate (cap rate).

- Divide the net operating income by the capitalization rate to arrive at the property value.

## AREA ANALYSIS

### Overview of Types of Properties Appraised

#### Real

- Residential (both single-family and multi-family)
- Commercial/Industrial
- Vacant Lots (both residential and commercial)
- Vacant rural land and improvements on rural land

#### Property

- Income-producing business personal property
- Industrial personal property

#### Minerals

- Oil and Gas

#### Utilities

- Telephone Companies
- Cable Companies
- Electrical Companies
- Fiber Optics

The Property Tax Assistance Division of the State Comptroller's Office requires properties to be identified by type, using a standard state category code.

As of certification, the appraisal records for Colorado County indicate a total of 31,169 parcels. The breakdown by state category code is as follows:

Category A (Single-Family Residential)	6574
Category B (Multi-Family Residential)	86
Category C (Vacant Lots and Land Tracts)	2447
Category D1 (Rural Farm) Qualified Ag Use	9311
Category D2 (Rural Farm) Improvements on Qualified Ag	1108
Category E (Rural Farm) Improvements Non-Qualified Ag	8128
Category F1 (Commercial Real Property)	914
Category F2 (Industrial and Manufacturing Real Property)	152
Category G1 (Minerals) Oil & Gas	2890
Category G3 (Other Sub Surface)	554
Category J2 (Gas Distribution System)	5
Category J3 (Electric Companies)	50
Category J4 (Telephone Companies)	35
Category J5 (Railroads)	33
Category J6 (Pipeline Companies)	216
Category J7 (Cable Television Companies)	6

Category L1 (Commercial Personal Property)	1239
Category L2 (Industrial and Manufacturing Personal Property)	299
Category M1 (Tangible Other PP, Mobile Homes, Aircraft Other)	964
Category O (Residential Inventory)	21
Category S (Special Inventory)	9
Category X (Totally Exempt Property)	1483
<b>TOTAL STATE CATEGORY CODE</b>	<b>36524</b>

*Some agricultural parcels will be counted in category E & D*

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

The highest and best use of real estate is defined as the most reasonable and probable use of land that will generate the highest return to the property over a period. This use must be legal, physically possible, economically feasible and the most profitable of the potential uses. The appraiser's identification of a 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, the appraiser must estimate the highest and best use as if the land were vacant. This estimate ignores the value of, and the restrictions created by existing improvements. It 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 the highest and best use, preliminary judgments are made in the field by the appraiser. The appraiser is normally aware of zoning regulations within physical boundaries of the county.

The Colorado County Appraisal District property appraisal cards contain information regarding lot size and frontage that allow the appraiser to make judgments on the highest and best use of sites in the field. Economically feasible and most profitable uses are determined by observing the surrounding property; however, the changes in property use require a more detailed and technical highest and best use analysis. These studies are performed in the office.

### **Market Analysis**

National, regional, and local trends affect the universe of properties appraised in Colorado 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. An in-house ratio study is conducted at least once a year.

Examples of sources of general data include The Real Estate Center at Texas A&M University and their various publications, "*The Appraiser*" published by The Texas Association of Appraisal Districts, and the "*Texas Assessor's News*" published by the Texas Association of Assessing Officers. When possible, local sources such as lending institutions, local realtors, the Chamber of Commerce, and articles published in the local and area newspapers are used to obtain financing information, market trends and information, demographics, and labor statistics. Both local and out

of the area fee appraisers provide a valuable source of market information on trends and market conditions influencing market value.

Sales information is received from various sources. Sales confirmation letters are mailed to each buyer and seller when a property changes hands. In addition, sales information is obtained from local realtors, fee/land appraisers, and lending institutions.

County deed records are regularly reviewed for new real estate transactions. Colorado County Appraisal District receives digital information of the real estate transactions in Colorado County monthly. Colorado County Appraisal District uses county deed records to generate sales confirmation letters for each buyer and seller to obtain detailed information on the sale. Because full sales disclosure is not mandatory in the State of Texas only a small percentage of letters are returned with useful information. This is a serious problem in that there is usually inadequate sales data to perform as thorough an analysis of sales data as USPAP would require. However, every effort is made to use what data is available. The Property Tax Assistance Division also sends out sales letters and that data is made available to the appraisal District at least once a year.

The Colorado County Appraisal District currently does reappraisals on a three-year basis. The reappraisal includes the inspection of properties and the updating of all information on the properties. Sales and market analysis are performed each year on residential properties, as information is available. Each year, new properties are inspected, measured, and added to the roll. In addition, building permits are obtained from the three cities, and changes to property records are made accordingly. Individual properties are also reappraised with changes to the condition as the property warrants for example, fire, remodeling, or an addition or demolition of a portion of the improvement. Refer to the [Colorado County Appraisal District Biennial Reappraisal Plan for Years 2025 - 2026](#) for further information on reappraisal requirements.

When performing field work, the appraiser carries property record cards that contain specific information regarding the property being appraised. These cards contain brief legal descriptions, ownership interests, property use codes, property addresses, land size, sketches of improvements as well as any available detailed information of the improvements. A copy of a property record card may be obtained at the appraisal office. Field inspections require the appraiser to check all information on the property record cards and to update if necessary. If a physical inspection of the property indicates changes to improvements, the appraiser notes these changes in the field. Examples of types of changes may be a condition or effective age of the improvements as well as additions to the improvements. The classification of residential properties is also reviewed during the revaluation process. New improvements are also added at this time.

## **DATA COLLECTION AND VALIDATION**

### **Data Collections and Sources**

The Colorado County Appraisal District cost and value schedules include land and residential improvements. Residential schedules are built and maintained using current market (sales) data. Commercial schedules are developed by using information from Marshall & Swift Valuation Services and local factor adjustments. Personal property schedules reflect information obtained from national valuation publications, such as Marshall and Swift, business personal property renditions, and on-site inspections. Marshall & Swift Valuation Service is a nationally recognized

source for residential, commercial, and personal property cost schedules. Cost manuals are based on cost per square foot and the Unit-in-place Method. The Unit-in-place Method involves estimating cost by using actual building components. The Marshall and Swift publication provide the base price of buildings as per classification with modifications for equipment and additional items. The schedule is then modified for time and location. Business personal property renditions are confidential sources of information filed by business owners; however, data from renditions may be compared with data from cost manuals and used to test for accuracy. The use of the SIC codes allows comparing values of similar business types.

Data on individual properties is also collected from the field, compiled, and analyzed. Buildings and other improvements are inspected in the field, measured, and classified. If the chronological age of the improvements is not available, the appraiser estimates the age and determines the condition of the improvements. This data is used to compile depreciation (loss of value), and any notes pertaining to the improvements are made currently.

Currently, single family dwellings are classified for quality and type of construction, whether frame or brick veneer. The classifications range from a class Low to a class Excellent. Low is the most basic of structures using the poorest quality materials and lowest workmanship while an Excellent structure is of the highest possible quality using only the best of materials and the highest and best quality workmanship available. For dwellings that exceed the general description of the Excellent classification, a special class is assigned. These dwellings are valued individually by the appraiser using the Marshall Valuation Service Manual instead of the Marshall Residential Handbook tables.

Age of building is used to estimate depreciation and based on effective age of the improvements. Effective age is the age the property appears to be due to maintenance and upkeep. The 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. In contrast, if a house is an older structure and has been remodeled or updated, its effective age may be less than its actual age.

Depreciation is also estimated by the condition of the improvements. Condition ranges from poor to excellent. Appraisals are based on exterior observations; however, if the taxpayer requests, an interior inspection may be made.

Foundation failure may occur in varying degrees and may also result in loss of value. The appraiser makes allowances for foundation problems on a case-by-case basis determined aided by the cost to repair. In many instances this information is provided to the district by the owner of the property.

Additional depreciation may be estimated for a variety of reasons including functional obsolescence resulting from bad floor plans 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. Examples on economic obsolescence may be proximity to waste site facilities, location of residences outside city limits with no access to city amenities, residences located on farm and ranch land, etc.

## **Valuation Analysis**

The Colorado County Appraisal District valuation schedules are divided into three main classifications: residential, commercial, and personal property. These schedules are based on the most current market and cost data available. Miscellaneous special categories such as mobile homes, special inventory, and agricultural land are appraised using different techniques, which are addressed later in this report. Depreciation tables/schedules are also included within these schedules. These tables are calibrated from costs as well as sales data and updated as needed. These tables and schedules are included in the CCAD's appraisal manuals. The CCAD utilizes a properly specified and calibrated computer assisted mass appraisal model (CAMA) developed by its software vendor that values individual property characteristics based on their contributory value to the total property value. Contributory value for each property segment (characteristic) is determined by sales analysis and local building costs. The model accesses appraisal cost schedules for each segment developed and maintained by CCAD and calculates a total market value for each property.

## **Residential Schedules**

Residential valuation schedules are cost based tables modified by actual sales data from the county. That is, the cost reflects the 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 the value of the item. This data is extracted from the market sales of similar properties, valuation guides and conversations with local Chief Appraisers and brokers.

The residential schedule is based on the size, age, and condition of structure, quality of construction, contributory value of extra items and land value. Each of these variables has a direct impact on the cost as well as the property. The following is an example of each of the variables and how they affect market value:

1. **Quality of Construction:** Residential construction may vary greatly in quality of construction. The type of construction affects the quality and cost of material used, the quality of the workmanship as well as the attention paid to detail. The cost and value of residential property will vary greatly depending on the quality of the construction. Colorado County Appraisal District's residential schedules currently class houses based on quality of construction ranging from Excellent (highest) to Low (lowest). Within class, the CCAD can recognize above or below average attributes by using a median cost between the lower rated class and the next rated class above. A superior fair quality residence would be classified as a Fair-Plus dwelling
2. **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. The Colorado County Appraisal District's schedules are designed using linear regression based on square footage.
3. **Condition of Improvements:** Colorado County Appraisal District captures the condition of real improvements via its effective age, with the lowest percentage

being unusable and highest percentage excellent condition.

4. **Age of Structure:** Age is the primary factor when determining residential depreciation. Effective age and chronological age may be the same or different depending on the condition of the structure.
5. **Extra Items:** As stated above, extra items are valued according to their contributory value to the whole. Examples of extra items include storage buildings, swimming pools, fireplaces, outdoor kitchens, etc.
6. **Land Value:** The Colorado County Appraisal District values land based on market data. Other recognized methods of land valuation may be used when market data is limited. One of the most common methods is the land residual method. The land value is calculated by the result of the property value minus the improvement(s) contributory value. The resulting value could indicate a land value. Interpolation of land values can also be used when there is limited market data. Land schedules are available at the appraisal District office

## **Land Schedules**

Land analysis is conducted to determine highest and best Use. Base lot square footage rates, acreage rates, primary and residual price rates, and hard code unit prices are established during this phase of the appraisal operation. Location, size, configuration, and topography are important elements. When possible, the sales comparison approach is used to assist in the development of unit prices. The land appraisal techniques of allocation by abstraction, and allocation by ratio are used to best reflect the value of the land as vacant in areas where build-out has occurred or in areas where vacant land sales are not available.

## **Commercial Schedules**

CCAD employs all three approaches to value, when possible, in valuing income-producing property. The primary approach used to initiate the valuation process is the cost approach to value. Property characteristics and attributes are determined for each commercial property and an initial cost value is calculated. The depreciation is calculated and assigned during this process so that a Replacement Cost New Less Depreciation (RCNLD) of the improvements may be derived and this is added to an estimate of the land value. Also, the income and expense data of these types of properties are gathered and evaluated. When appropriate, one or more forms of the income approach to value is used. Information from a variety of sources is obtained and detailed analysis is undertaken. When possible, appraisers use the technique of *direct capitalization* to derive the income approach value. Furthermore, during the establishment of the capitalization rate it is always important to estimate an appropriate amount of risk when building the capitalization rate. The commercial classification system used by CCAD was developed with the guidance of the Texas Comptroller's guides. Commercial cost tables were derived from information provided by Marshall and Swift Valuation Service, local construction costs, and local market data (sales). When available, appraisers also use the sales comparison approach to determine the fair market value of income-producing properties. However, in using the cost approach, it is sometimes necessary for the appraiser to utilize the unit in place, quantity survey, or historical cost method to derive accurate cost estimates.

## **Personal Property Schedules**

All income-producing business personal property located within the Appraisal District's boundaries are subject to tax. Business use vehicles are also listed in the appraisal records and subject to ad valorem taxation. CCAD uses personal property schedules to value business furniture, fixtures, equipment, and inventory. In addition, personal property values may be obtained by some other sources.

Business owners are required by Texas Law to render their business personal property each year. Rendered values are considered by the appraiser during the appropriate phase of valuation analysis. Rendered values are often used as the basis for the district value if the value rendered is reasonable for the type of business and within acceptable ranges when compared to the personal property schedules published by the Property Tax Assistance Division (PTAD) of the Texas Comptroller's Office or Marshall & Swift Valuation Service.

Should the property owner choose not to render the property, or if the rendered amount does not fit acceptable ranges, then the PTAD schedule or the Marshall & Swift schedule is used to value the property. Depreciation of the property is determined by the age of the property and its expected life. Valuation and depreciation schedules are available in the Appraisal District office. Business vehicles are valued based on NADA Used Car Guide trade-in value for the make, model, and age of the vehicle. When adverse factors, such as high mileage, are known, appropriate adjustments are made.

## **Statistical Analysis**

Statistics are a way to analyze data and study characteristics of a collection of properties. In general, it is not feasible to study the entire population. Statistics are used to test representative samples of the population.

Colorado County Appraisal District's statistical analysis for real estate is based on measures of central tendency and measures of variability. The measure of central tendency determines the center of a distribution. The measures of central tendency utilized with the aid of computer-based programs are the mean, median, mode, and the weighted mean.

CCAD measures variability by calculating a coefficient of dispersion (COD). The COD is used to indicate the spread from the measure of central tendency. Statistical bias is measured by the price related differential (PRD). The PRD indicates how high price properties are appraised in relation to low price properties.

These statistics are included in the District's ratio studies and may be obtained from the appraisal office.

## **Individual Value Review Procedures**

CCAD receives sales information from a variety of sources. Sales are reviewed for validity of fair market value. All sales are entered into our computerized sales system. The sales are classified to recognize their appropriate status, source and confirmation codes.

In order for comparable sales data to be considered reliable it must contain a sales date, sales price, financing information, tract size and details of the improvements. Sales data is gathered by sending sales letters to the buyers and sellers of properties when deeds are filed with the county clerk.

Commercial sales are confirmed from the direct parties involved whenever possible. Local realtors, fee/land appraisers and lending institutions are also considered reliable sources for sales confirmation. The CCAD utilizes comparable sales analysis to ensure that sold properties are not valued differently than unsold properties. Sales are adjusted to reflect a January 1 market value, as are unsold properties.

Sold properties are physically inspected to ensure accurate data of the appraisal District's information. All data listed on the property record card is verified and updated as needed including building classification, building size, and additions or new outbuildings, condition of structures and any type of change in data or characteristics that would affect the value of the property.

Individual sales are analyzed to meet the test of market value. The Colorado County Appraisal District adheres to IAAO's *Standard on Sales Verification* and only considers arms-length transactions as indicators of current market values. Examples of sales typically not considered good indicators of market value are:

1. Properties acquired through foreclosures or auction.
2. Properties sold between relatives.
3. The buyer or the seller is under duress and may be compelled to sell or purchase.
4. Financing may be non-typical or below or above prevailing market rates.
5. Outliers. Sales may be unusually high or low when compared with typical sales in the same market.
6. Property purchased through an estate.
7. Sales involving intangibles or personal property that cannot be verified.

Under some circumstances, foreclosure sales may be used in market analysis. High volume of foreclosed properties in a neighborhood may have an impact on the market value. Due to the population size and nature of Colorado County, it is often difficult to obtain sufficient sales data to meet USPAP standards for analysis of sales and exception is taken to USPAP Standard 6 in this area.

## **Ratio Studies**

Sales ratio studies are used to evaluate the district's mass appraisal performance. These studies not only provide a measure of performance but also are an excellent means of improving mass appraisal performance. The Colorado County Appraisal District uses ratio studies not only to aid in the revaluation of properties but also to test the Comptroller's Property Tax Assistance Division property value study results.

Sales ratio studies are usually performed in the spring of the year to test cost schedules. They may also be performed at any other time deemed appropriate by the Chief Appraiser. Prior to running

the ratio reports, individual properties that have sold are reviewed for appraisal accuracy. Property record cards indicating the results of the field inspections are used to further aid in the analysis and decision making.

Ratio studies are generally calculated countywide and by school District for each category of property having enough sales data. Residential sales are also analyzed by construction type and class. CCAD's goal is to achieve appraisal accuracy between .95 and 1.05 percent of market value and adjust cost and value schedules accordingly. 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 of the types of changes, if any, that need to be made. If properties fall outside of the common parameters (referred to as outliers) are held out or not included in the study, these properties shall be identified, and explanations given for their exclusion from the ratio study.

#### **STAFF PROVIDING SIGNIFICANT MASS APPRAISAL ASSISTANCE**

<b>Name</b>	<b>Title</b>	<b>TDLR Classification</b>	<b>TDLR #</b>
Jane Armontrout	Interim Chief Appraiser/ Chief Administrator	Registered Professional Appraiser	66746
Molly Strunk Janak	Appraiser Supervisor	Registered Professional Appraiser	68292
Olga Poncik	Business Operation & Collections Supervisor (Oil, Gas & Industrial Clerk)	Registered Texas Collector	63129
Marcella Pflughaupt	Business Operations & Collections Assistant Supervisor	Registered Texas Assessor/Collector	76095
Trey Lichtenstein	Appraiser	Registered Professional Appraiser	77506
Laura Taylor	Appraiser	Registered Professional Appraiser	77354
Alex Woolery-Price	Appraiser	Registered Professional Appraiser	77972
Jaime Bujnoch	Appraiser	Registered Professional Appraiser	78074
Meredith Ray	Appraiser	Registered Professional Appraiser	78075

CCAD contracts with Capitol Appraisal Group, LLC, an appraisal firm, to appraise minerals, industrial plants, pipelines, industrial personal property and utilities within the boundaries of the appraisal District. In addition, CCAD contracts with Eagle Property Tax Appraisal & Consulting, Inc., to appraise commercial properties within the boundaries of the appraisal District.

## **Circuit Breaker Limitation - Property Tax Code Section 23.231**

Beginning in 2024, real property valued at \$5,000,000 or less will benefit from a 20% limitation on the net appraised value of the property used to calculate your taxes, with the exclusion of land receiving the agriculture-use special appraisal and homestead properties that already receive the 10% homestead limitation.

The circuit breaker provision limits the amount the appraisal district can increase your property value. The appraised value of qualifying real property is limited to an increase of no more than 20% per year unless new improvements, excluding ordinary maintenance, have been made. This limitation takes effect on January 1 of the tax year following the first tax year in which the owner owns the property. If you own your property as of January 1, 2023, you will receive this appraised value limitation in 2024. You must own the property for at least one full calendar year (January through December) before you are eligible for a 20% limitation. Your property will now reflect two values:

- the circuit breaker cap value which is the value that your taxes will be based on, and
- the market value which is the true value of the property.

For example, the appraised value of your qualifying real property was \$100,000 last year. This year the Appraisal District appraised your property at \$125,000. No new improvements or additions have been made to the property since last year. The circuit breaker value is calculated as follows:

$$\text{Step 1: } \$100,000 \times 20\% = \$20,000$$

$$\text{Step 2: } 100,000 + \$20,000 = \$120,000$$

Your taxes will be based on the circuit breaker value of \$120,000; however, the market value of your property will remain at \$125,000.

The circuit breaker limitation expires on January 1 of the first tax year that the owner no longer owns the property. Should you sell your property, the limitation will be removed, and the tax base will increase to the property's current market value until the new owner is eligible for the same benefit.

The Texas Legislature has currently only authorized the circuit breaker limitation for the 2024, 2025, and 2026 tax years. The appraised value that the circuit breaker applies to is set at \$5,000,000 or less for 2024; however, the State Comptroller can increase or decrease the appraised value limit for 2025 and 2026 based on the consumer price index.

## CERTIFICATION STATEMENT

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 analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report, except for those properties that are personally owned, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My compensation is not contingent upon 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.
- I may not have made a personal inspection of each and every property subject of this report.

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

  
Jane C. Armontrout  
Interim Chief Appraiser  
Colorado County Appraisal District

12-11-2024  
Date

