

RE-APPRAISAL PLAN  
FOR TAX YEARS 2025 AND 2026  
NEWTON CENTRAL APPRAISAL DISTRICT  
APPROVED BY THE BOARD OF DIRECTORS  
AUGUST 21, 2024

## TABLE OF CONTENTS

Executive Summary	3
Reappraisal Cycle	6
Valuations by Tax year	11
Single Family Residential	13
Multi-Family Residential	18
Commercial Real Property	20
Vacant Real Property	23
Mobile Home Property	25
Miscellaneous Rural	29
Improvements	31
Special Valuation Properties	35
Residential Inventory	36
Business Personal Property	38
Industrial Real Property	40
Utilities	41
Oil and Gas	43
Value Defenses	45
Re Inspection Zones	54
Key Events Calendar	57

## **EXECUTIVE SUMMARY**

### **TAX CODE REQUIREMENTS**

#### **The Written Plan**

Sec. 6.05 (I) Texas Property Tax Code requires a written biennial reappraisal plan:

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

#### **Plan for Periodic Reappraisal**

Subsections (a) and (b), Section 25.18 Texas Property Tax Code, read as follows:

- (a) Each appraisal district shall implement the plan for periodic reappraisal of property approved by the Board of Directors under Section 6.05 (I).
  
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every two years:
  - (1) Identifying properties to be appraised through physical  
Inspection or by other reliable means of identification,  
Including deeds or other legal documentation, aerial  
Photography, land-based photographs, surveys, maps  
And property sketches;
  - (2) Identifying and updating relevant characteristics of each  
Property in the appraisal records;
  - (3) Defining market areas in the district;
  - (4) Identifying property characteristics that affect property  
Value in each market area including
    - (a) The location and market area of the property
    - (b) Physical attributes of property, such as size, age, and condition;
    - (c) Legal and economic attributes;
    - (d) Easements, covenants, leases, reservations,

Contracts, declarations, special assessments,  
Ordinances, or legal restrictions

- (5) Developing an appraisal model that reflects the relationships  
Among the property characteristics affects the value in each market area and determines the  
contribution of individual property characteristics;
- (6) Applying the conclusions reflected in the model to the  
Characteristics of the properties being appraised; and
- (7) Reviewing the appraisal results to determine value.

#### REVALUATION DECISION (REAPPRAISAL CYCLE)

The Newton Central Appraisal District, in accordance with the policy adopted by the Board of Directors, reappraises all property in the district every two years.

#### REAPPRAISAL AND NON-REAPPRAISAL YEAR ACTIVITIES

1. **Performance Analysis-** the approved values from the previous tax year are analyzed with ratio studies to determine the appraisal accuracy and appraisal studies are conducted in compliance, to the extent practicable, with the most current *Standard on Ratio Studies* of the International Association of Assessing Officers.

2. **Analysis of Available Resources-** Staffing and budget requirements for the tax years subject to this plan are detailed in the annual budget, as attached to the written biennial plan by reference. Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current are specified. Information Systems support is detailed with year specific functions identified and system upgrades scheduled. Existing maps and data requirements are specified and updates scheduled.

3. **Planning and Organization-** a calendar of key events with critical completion dates is prepared for each major work area. This calendar identifies all key events for appraisal, clerical, customer service, and information systems. A calendar is prepared for tax years 2025 and 2026. Production standards for field activities are estimated and incorporated in the planning and scheduling process.

4. **Mass Appraisal System-** Computer Assisted Mass Appraisal (CAMA) system revisions required are specified and scheduled with Information Systems. All computer forms and Information System procedures are reviewed and revised as required.

5. **Data Collection Requirements** – field and office procedures are reviewed and revised as required for data collection. Activities scheduled for each tax year include addition of new construction, removal due to demolition or movement. Re-inspection due to remodeling, re-inspection of the universe of properties on a specific cycle, and field or office verification of sales data and property characteristics.

6. **Pilot study by tax year-** new and/or revised mass appraisal models are tested each tax year, Ratio studies, by market area, are conducted on proposed values each tax year. Proposed values on each category are tested for accuracy and reliability in randomly selected market areas.

7. **Valuation by tax year-** Using market analysis of comparable sales and locally tested cost data, valuation models are specified and calibrated in compliance with supplemental standards from the International Association of Assessing Officers and the Uniform Standards of Professional Appraisal Practice. The calculated values are tested for accuracy and uniformity using ratio studies.

8. **The Mass Appraisal Report-** each tax year the mass appraisal report required by the tax code is prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of ad valorem tax calendar (on or about May 15<sup>th</sup>). The Mass Appraisal Report is completed in compliance with STANDARD RULE 6-8 of the Uniform Standards of Professional Appraisal Practice. The signed certification

9. **Value Defense** – evidence to be used by the Appraisal District to meet the burden of proof for market value and equity in both informal and formal appraisal review board hearings is specified and tested.

The following sections of the plan detail the items in the executive summary.

### **REVALUATION DECISION (REAPPRAISAL CYCLE)**

The Newton Central Appraisal District, in accordance with the reappraisal plan adopted by the Board of Directors, reappraises all property in the district every two years. The reappraisal year is a complete appraisal of all properties in the district. The reappraisal year is used to add new construction, new subdivisions, new businesses personal property, new oil and gas leases, adjust for changes in property characteristics that affect value, and adjust the previous year's values on individual properties, property categories or market areas where the level of appraisal and/or uniformity of appraisal is unacceptable. However, the following property types are reappraised annually: oil and gas reserves, business personal property, industrial real property, industrial personal property, utilities, special inventory residential property, and properties qualified for agricultural use or timber use productivity valuation. Oil and gas reserves, industrial properties, and utilities are valued through a professional services contract with the district's valuation engineer, Pritchard & Abbott, Inc. All other valued on an in-house basis by the appraisal district staff.

#### **TAX YEAR 2025**

Tax year 2025 is a reappraisal year.

#### **TAX YEAR 2026**

Tax year 2026 is a reappraisal year.

### **CONTINGENCY**

In the event that circumstances develop preventing the appraisal district from substantially implementing the plan or requiring significant changes in the plan for tax year 2025 or 2026, a revised plan may be issued. The board of Directors shall hold a public meeting to consider the revised plan. Not later than the 10<sup>th</sup> day before date of the meeting, the board secretary shall deliver to the presiding officer of the governing body of each taxing unit participation in the district a written notice of the date, time and place of the meeting. The notice shall also include a description of the revisions and explanations for precisions. Copies of the revised plan shall be distributed to the presiding officer of the governing body of each taxing unit in the district and to the comptroller within 60 days of the approval date.

## **PERFORMANCE ANALYSIS**

In each tax year, the previous year' approved values are analyzed with ratio studies to determine appraisal accuracy and appraisal uniformity overall and by market area within the state property reporting categories. Additional ratio studies are conducted throughout each year as required, Ratio studies are conducted in compliance with the most current Standard on Ratio Studies from the International Association of Assessing Officers, and the following statistical measures are calculated for properties on an overall basis, in each reporting category, in each market area and for various strata's and groups of properties ( where there is a sufficient number of sales) to measure the level of appraisal and uniformity of appraisal: mean, median, weighted mean and coefficient of dispersion. Where there are insufficient sales to conduct performance analysis, the sales may be clustered so that the resulting sample of sales is large enough to provide meaningful performance analysis.

## **ANALYSIS OF AVAILABLE RESOURCES**

Staffing and budget requirements for the tax years subject to this plan are detailed in the annual budget as adopted by the Board of Directors and attached to the written biennial plan by reference. This reappraisal plan reflects the available staffing in tax years subject to this plan. Staffing will impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2025-2026 time period.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current are specified. In the reappraisal year, real property appraisal replacement cost new tables and depreciation tables are tested against verified sales data to insure they represent current market data. Information concerning, income, expenses, vacancies, and capitalization rates is gathered from reliable local sources and reviewed and updated. Asset cost information from business personal property renditions and density schedules for business property from public and private sources may also be used.

Information systems support is detailed with year specific functions identified and system upgrades scheduled. Computer generated forms are reviewed for revisions. Legislative changes are scheduled for completion and testing. Existing maps and data requirements are specified and updates are scheduled.

## **PLANNING AND ORGANIZATION**

A calendar of key events with critical completion dates is prepared for each major work area. This calendar identifies all key events for appraisal, clerical, customer service, and information's systems. A separate calendar is prepared for tax years 2025 and 2026. Production standards for field activities are established and incorporated in the planning and scheduling process. A calendar of key events for tax years 2025 and 2026 is attached to this plan.

## **MARKET AREAS**

The market areas of Newton Central Appraisal District are defined as City of Newton, Newton ISD excluding the City of Newton, Burkeville ISD, Deweyville ISD, Kirbyville CISD and Brookeland ISD.

## **MASS APPRAISAL SYSTEM**

Computer Assisted Mass Appraisal (CAMA) system revisions are specified and scheduled with Information Systems, All Computer forms and Information System procedures are reviewed and revised as required. The following details these procedures as they relate to the 2025 and 2026 tax years:

- (1) Review and revise user set- up, user rights, and user security
- (2) Review and revise set-ups for CAMA and assessments
- (3) Review and revise system codes
- (4) Review, update and advise staff of specific field information required for data entry
- (5) Review and revise all system forms for upcoming tax year.

Based on administrative and legislative changes.

- (6) Test forms revisions against sample property accounts
- (7) Monitor systems for installation of new releases and patches
- (8) Test sample property accounts to verify functionality of releases and patches
- (9) Schedule Web- ex seminars for system revisions and updates with software vendor
- (10) Produce preliminary totals and edit check reports
- (11) Perform January 1<sup>st</sup> functions as specified by software vendors documentation
- (12) Perform shared property processing and test and advise
- (13) Perform notice processing functions as specified by Harris Govern documentation
- (14) Perform certification functions as specified by Harris Govern documentation
- (15) Schedule and perform regular system back-ups, ad hoc updates and rebuilds, CAMA and assessment calculations
- (16) Assist users in PC backups, clearing cache, and virus software maintenance
- (17) Perform supplemental processing
- (18) Generate Reports
- (19) Perform data queries as necessary

## **REAL PROPERTY VALUATION**

Revisions to cost models, income models, and market models, are specified. Updated and tested each tax year.

Cost schedules are tested with market data (sales) to ensure that the appraisal district is in compliance with Texas Property Tax Code, Sec 23.011. Replacement cost new tables as well as depreciation tables are tested for accuracy and uniformity using ratio studies and compared with cost data from generally accepted sources. The appraisal district utilizes data from Marshall & Swift Valuation Services which is a recognized industry leader.

Land tables are updated using current market data (sales) and then tested with ratio studies. Value modifiers are developed and tested with ratio studies.

Income, expense, occupancy, and capitalization rate data is updated in the income models and tested.

## BUSINESS PERSONAL PROPERTY VALUATION

Replacement cost new data and depreciation tables are reviewed for accuracy and uniformity. Density and quality schedules for furniture, fixtures and equipment (FFE) and inventory are based on the Comptrollers latest business personal property valuation guide as well as data received from renditions and other sources, Depreciation is based on the Comptrollers most current business personal property depreciation tables. Valuation procedures are reviewed and modified as needed and tested.

## NOTICING PROCESS

The notice of appraised value forms are reviewed and edited for necessary updates and revisions, including the most current version of the Comptroller's Taxpayer Rights, Remedies and Responsibilities. In the reappraisal year, notices of appraised value are mailed for all properties on the appraisal roll. In the non-reappraisal year, notices are mailed for business personal property, industrials, utilities, oil and gas properties and other properties as required by Sec. 25.19 Property Tax Code.

## HEARING PROCESS

Protest hearing scheduling for informal and formal Appraisal Review Board hearings is reviewed and updated as required. Standards of documentation are reviewed and amended as necessary. Production of documentation is tested for compliance with Sec. 41.461 of the Property Tax Code.

## DATA COLLECTION REQUIREMENTS

Field and office procedures are reviewed and revised as required for data collection. Activities scheduled for each tax year include addition of new construction, removals due to movement or demolition, addition of new subdivisions, addition of new business personal property accounts, deletion of existing business personal property accounts, addition of new oil and gas leases, deletion of plugged oil and gas leases, consideration of remodeling, re-inspection of problematic property categories, re-inspection of problematic individual properties, re-inspection of the universe of properties on a specific cycle (once every two years).

## NEW CONSTRUCTION/DEMOLITION/REMODELING

Field and review procedures for new construction, demolition and remodeling are identified and revised as required. Field production standards are monitored. Only reliable sources of information concerning new construction demolition and remodeling are used. This critical annual activity is incorporated and entered on the key events calendar for each tax year. All areas, inside and outside of the designated re inspection zones, are annually inspected on a generalized basis to address new improvements, demolition, remodeling, and other updates to property characteristics.

## RE-INSPECTION OF PROBLEMATIC MARKET AREAS/PROPERTY TYPES/PROPERTIES

Property types, market areas, and individual properties that fall outside of the normal range of generally accepted statistical measures are determined to be problematic. Field reviews are scheduled to verify and/or correct property characteristics data. Sales confirmation data is re-verified and additional sales data is researched.

## RE-INSPECTION OF THE UNIVERSE OF PROPERTIES

Sec. 25.18 of the Texas Property Tax Code requires a re-inspection of the universe of properties at least once every three years. The plan calls for re-inspection, as defined in Sec. 28.15 b (1), every two years. The re-inspection requirements for tax years 2025 and 2026 are identified and scheduled on the key events calendar and map which is attached to this report. Additionally, all areas, inside and outside of the designated re-inspection of any property may be conducted at any time, if deemed necessary to verify property characteristic data.

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

Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio tools require that the property sold must equal the property appraised in order for the statistical analysis to be valid. Procedures for field and office verification are established and monitored.

## PILOT STUDIES

New and/or revised mass appraisal models are tested on certain market areas and property categories. The modeling tests (sales ratio studies) are conducted each tax year. Actual test results are compared with anticipated results and those models not performing satisfactorily are refined and tested. The procedures used for model specification and model calibration are in compliance with Uniform Standards of Professional Practice STANDARD 6.

## VALUATION BY TAX YEAR

Using market analysis of comparable sales and locally tested cost data, market area specific income and expense data, valuation models are specified and calibrated in compliance with the supplemental standards from the International Association of the Assessing Officers and the Uniform Standards of Professional Appraisal Practice. The calculated values are tested for accuracy and uniformity using ratio studies. Performance standards are those established by the IAAO Standard on Ratio Studies. Property values in all market areas are updated each reappraisal year. Properties in selected market areas are updated in non-reappraisal years. All year are used to add new construction, new subdivisions, and new business personal property, new oil and gas leases, adjust for changes in property characteristics that affect value, and adjust the previous year's values on individual properties, property categories or market areas where the level of appraisal and/or uniformity of appraisal is unacceptable. However, the following property types are reappraised annually: oil and gas reserves, business personal property, industrial real property, industrial personal property, utilities, special inventory residential property, and properties qualified for agricultural use or timber use productivity valuation.

## APPRAISALS GENERALLY

Sec. 23.01, Texas Property Tax Code, reads as follows:

- (a) Except as otherwise provided by this chapter, all taxable property is appraised at its market value as of January 1.
- (b) The market value of property shall be determined by the application of generally accepted appraisal methods and techniques. If the Appraisal District determines the

Appraised value of a property using mass appraisal standards, the mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice. The same or similar appraisal methods and techniques shall be used in appraising the same or similar kinds of property. However, each property shall be appraised based upon the individual characteristics that affect the property market value, and all available evidence that is specific to the value of the property shall be taken into account in determining the property market value.

(c) In determining the market value of a residence homestead, the chief appraiser may not exclude from consideration the value of other residential property that is in the same neighborhood as the residence homestead being appraised and would otherwise be considered in appraising the residence homestead because the other residential property:

- (1) Was sold at a foreclosure sale conducted in any of the three years preceding the tax year in which the residence homestead is being appraised and was comparable at the time of sale based on relevant characteristics with other residence homestead in the same neighborhood; or
- (2) Has a market value that has declined because of a declining economy.

In accordance with Sec. 23.0101 Property Tax Code, the cost, income and market data comparison methods of appraisal are considered and the most appropriate one is used.

If the cost method of appraisal is used, the appraisal district shall, in accordance with Sec. 23.011:

- (1) "use cost data obtained from generally accepted sources;
- (2) Make any appropriate adjustments from physical, functional or economic obsolescence;
- (3) Make available to the public on request cost data developed and used by the chief appraiser as applied to all properties within a property category;
- (4) Clearly state the reason for any variation between generally accepted cost data and locally produced cost data if the data vary by more than 10 percent; and
- (5) Make available to the property owner on request all applicable market data that demonstrate the difference between the replacement costs of the improvements to the property and the depreciated value of the improvements."

If the income method of appraisal is used, the appraisal district shall, in accordance with Sec. 23.012:

- (1) "analyze comparable rental data available to the appraisal district or the potential earnings capacity of the property, or both to estimate the gross income potential of the property;
- (2) Analyze comparable operating expense data available to the appraisal district to estimate the operating expenses of the property;
- (3) Analyze comparable data available to the appraisal district to estimate rates of capitalization or rates of discount; and
- (4) Base projections of future rent or income potential and expenses on reasonably clear and appropriate evidence.

In developing income and expense statements and cash flow projections, the appraisal district shall consider:

- (1) Historical information and trends;
- (2) Current supply and demand factors affecting those trends; and
- (3) Anticipated events such as competition from other similar properties under construction.

If the market data comparison method is used, the appraisal district, in accordance with Sec. 23.013 shall use comparable sales data and shall adjust the comparable sales to the subject property.

A sale is not considered to be a comparable sale unless the sale occurred within 24 months of the date as of which the market value of the subject property is to be determined, except that a sale that did not occur during that period may be considered to be a comparable sale if enough comparable properties were not sold during that period to constitute a representative sample.

A sale of a comparable property must be appropriately adjusted for and change in the market value of the comparable property during the period between the date of the sale of the comparable property and the date as of which the market value of the subject property is to be determined.

Whether a property is comparable to the subject property shall be determined based on similarities with regard to location, square footage of the lot and improvements, property age, property condition, property access, amenities, views, income, operating expenses, occupancy, and the existence of easements, deed restriction, or other legal burdens affecting marketability.

The valuation methods for each major property category are described in the following sections of this plan.

### **SINGLE FAMILY RESIDENTIAL REAL PROPERTY**

The plan calls for reappraisal of single-family residential properties with 2025 being a reappraisal year and 2026 being an appraisal year.

Identifying properties to be appraised: Single family residential properties are identified as part of the appraiser's physical inspection process each year, through data submitted by the property owner, or by other reliable means of identification, including deeds or other legal documentation, photographs, maps, and property sketches.

Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Subject property data is verified through previously existing records and through information provided by other reliable sources.

Defining market areas in the district: The diversity of housing types and geographic areas in the district requires the use of market areas. The appraiser identifies groups of properties where the social, economic, governmental, and physical forces affecting value are generally similar and uniform and delineates them into defined areas based on factors such as location, price range, age of dwelling, quality and condition of dwelling, and square footage of living area.

Identifying property characteristics that affect property value in each market area: The appraiser identifies the location and market area of the property; physical attributes of the property such as size, age, and condition; legal and economic attributes; and easements covenants, leases, reservation, contracts, declarations, special assessments. Ordinances or legal restrictions, through physical inspection, legal instruments and documents and analysis of data and information from other reliable sources.

Applying the conclusions reflected in the model to the characteristics of the properties being appraised: After considering all three approaches to value (cost, sales, comparison, and income) the hybrid cost sales-comparison approach is chosen because it accounts for market area influences not otherwise specified in the cost approach applied at large. The income approach is not used because single family residential properties are not generally purchased for their ability to produce income.

Reviewing the appraisal results to determine value: Year to year property value changes are examined. Sales ratio studies are conducted to determine if the level of appraisal and uniformity of appraisal are acceptable. Additionally, single family residential properties are reviewed by the Property Tax Divisions of the State Comptroller's Office through their annual property value study.

## **Description of Valuation Methods for Single Family Residential Property**

### **Replacement Cost New**

The cost approach is used to value single-family residential properties in the appraisal district. Residential land values are specified by the sales comparison approach. An analysis of residential lot sales is conducted and a series of land tables using front foot, square foot, per acre, or per lot unit values are developed and assigned to specific market areas. Table driven values may be modified for shape, size topography or other facts,

The approach establishes replacement cost new (RCN) using a comparative unit method --- cost per square foot of living area. Costs for building additives such as porches and garages are expressed in terms of a square foot cost based on a percentage of the base cost of living area. Building component costs for items in excess of base cost, such as fireplaces and extra bathrooms, are expressed as a lump basis. RCN as specified by Marshall & Swift for different levels of quality of construction, exterior characteristics, and different sizes and determined.

A local modifier is determined by analyzing a group of sold properties consisting of new construction and the applied to the Marshall & Swift indicated costs. The final modified costs are set up in a series of cost schedules where properties are classified by quality of construction, type of construction and size. The scheduled costs may be overridden to account for atypical features or characteristics not adequately addressed by the benchmark cost system, in accordance with Sec 23.011 Texas Property Tax Code, if the locally produced cost data varies from generally accepted cost data more than 10% the reason for the variation is clearly stated.

### **Depreciation**

Depreciation is the loss in value from the replacement cost of an improvement due to physical deterioration, functional obsolescence and economic obsolescence. Physical depreciation refers to the physical deterioration of a structure and is measured by the cost to cure the defect. Functional obsolescence refers to deficiencies or super adequacies within the structure. Economic obsolescence is loss in value from forces external to the property.

NCAD'S residential depreciation tables are based on an age-life method of depreciation that uses effective age and economic life. Effective age is the age indicated by the condition and utility of a structure. Effective age will not always be the same as actual age. Structures with better than average maintenance, remodeling or modernization will have an effective age less than the actual age. On the other hand, structures with poor maintenance that have not been remodeled or modernized will have an effective age greater than the actual age. Economic life is the period of time over which a structure contributes to property value. This concept can be stated as: effective age divided by economic life equals percent physical depreciation. Schedules have been developed for improvements with typical economic lives of various lengths. The schedules reflect what is considered typical for a structure at a certain effective age. However, schedule depreciation may be overridden with a percent good to account for the condition of otherwise similar structures that depreciate at lesser or more rapid rather than what is considered to be typical and that cannot be adequately accounted for in the benchmark depreciation system, Adjustments for functional and economic obsolescence may be made if warranted.

### **Market Area Adjustments**

The districts primary approach to value for residential properties uses a hybrid cost-sales comparison approach that accounts for market area influences not otherwise specified in the cost approach as it is applied at large. Market area adjustments are needed to trend values produced by the cost approach closer to actual sales prices of property within a given market area. The sales used to determine the market area adjustment will reflect the market influences and conditions only for a specified market area.

In determining the market value of a residence homestead, the sales of other residential property in the same neighborhood may not be excluded from consideration because the other property (1) was sold at a foreclosure sale in any of the three years preceding the tax year in which the residential homestead is being appraised and was comparable at the time of sale to the subject property; or (2) has a market value that has declined because of a declining economy.

Market area adjustments are made on the basis of sales to appraisal ratio studies that compare recent sales prices of properties within a delineated market area with the property's value as determined by the cost approach. The ratios derived from dividing the appraisal districts cost approach values by the sales prices will indicate the level of appraisal currently produced by the at large cost approach. The appropriate market area adjusted, whether upward or downward, is then applied to trend the appraised values closer to the actual market value as evidenced by the recent sales prices within the given area. Once the market area adjustment is applied, a second ration study is conducted to compare the proposed appraised values with the recent sales prices. From this study, a final market area adjustment is selected and applied uniformly to all properties within the area including sold and unsold properties, Market areas for single family residential properties are defined and listed in the NCAD Appraisal Policy AND PROCEDURES Manual which attached to the plan by reference.

The following formula denotes the formula generally used for single family residential:

$$MV=LV+MAA [(RCN-D)]$$

Where:

MV= Market Value

LV= Land Value

MAA= Market Area Adjustment

RCN= Replacement Cost New

D= Depreciation

#### Adjustment and Modifiers

If warranted, adjustment and modifiers may be applied to single family residential properties to address the individual characteristics affecting the property's market value that otherwise cannot be adequately accounted for in the benchmark valuation system.

#### Highest and Best Use Analysis

The highest and best use of a property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physical possible, legal, financially feasible, and maximally productive. The highest and best use of single-family residential property is normally its current use. However, under Sec 23.01 (c), the market value of a residence homestead shall be determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property.

## Residential Homesteads Subject to the Homestead Cap

The appraised value of a residence homestead may not exceed the lesser of:

- I. The market value of the property for the most recent year that the market value was determined by the appraisal office; or
- II. The sum of (a) 10 percent of the appraised value of the property for the preceding tax year (b) the appraised value of the property for the preceding tax year; and (c) the market value of all new improvement to a residence homestead made after the most recent appraisal of the property that increases the market value of the property and the value of which is not included in the appraised value of the property for the preceding tax year, New improvements do not include repairs to or ordinary maintenance of an existing structure or the grounds or another feature of the property.
- III. If the appraised value for the current year exceeds the limits established by the above criteria, then a homestead cap adjustment is calculated and applied to reduce the appraised value to the allowable level. A review of homestead cap adjustments is made with larger adjustments subject to further review.
- IV. The limitation takes effect on January 1 of the tax year following the first year the property owner qualifies for any homestead exemption and expires on January 1 of the first tax year that neither the owner nor the owner's spouse qualifies for a homestead exemption. When an owner has application for a homestead exemption, the qualification year is entered into the district's computer assisted mass appraisal system.
- V. The field appraiser maintains a record of the date of physical inspection, changes made based upon that inspection and determinations as to whether changes constitute new improvement value, Values for new physical additions and further progress of construction work in progress are calculated as new improvement value. Changes in value resulting from ordinary maintenance and remodeling are not considered as new improvements.

## Single Family Land Adjacent to Ag Use or Open Space Land

Land that is (1) used for single family residential purposes (2) contiguous to a parcel of land appraised under agricultural or open space land valuation and (3) under common ownership is appraised in accordance with Sec. 23.25.

## Circuit Breaker Limitation on Non-Resident Homestead Property Value Increases

Tax Code Section 23.231 sets a limit on the amount of annual increase to the appraised value of real property other than a residence homestead to not exceed the lesser of:

- the property's market value; or
- the sum of:
  - 20 percent of the property's appraised value for the preceding year;
  - the property's appraised value for the preceding year; and
  - the market value of all new improvements to the property.

The circuit breaker limitation applies only to real property that is not a residence homestead and is:

- valued at \$5 million or less; and
- not real property that qualifies for special appraisal as:
  - agricultural land;
  - timberland;
  - recreational, park and scenic land;
  - public access airport property; or
  - restricted-use timberland.

A new improvement is an improvement to real property made after the most recent appraisal that increases the property's market value and was not included in the its appraised value in the preceding tax year. It does not include repairs to or ordinary maintenance of an existing structure, the grounds or another property feature.

A replacement structure for one rendered uninhabitable or unusable by a casualty, wind or water damage does not qualify as a new improvement under certain circumstances.

The circuit breaker limitation takes effect on Jan. 1 of the tax year following the first year the owner owns the property on Jan. 1. It expires on Jan. 1 following the year the property owner no longer owns the property

## **MULTI-FAMILY RESIDENTIAL REAL PROPERTY**

The plan calls for reappraisal of multi-family residential properties with 2025 being a not re-appraisal year and 2026 being a re-appraisal year.

Identifying properties to be appraised: Multi-family residential properties are identified as part of the appraiser's physical inspection process each year, through data submitted by the property owner, or by other reliable means of identification, including deeds or other legal documentation, photographs, maps, and property sketches.

Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Subject property data is verified through previously existing records and through information provided by other reliable sources.

Defining market areas in the district: The appraiser identifies groups of properties where the social, economic, governmental, and physical forces affecting value are generally similar and uniform and delineates them into defined areas based on factors such as location, rent levels, age, quality and condition, square footage of units, and number of units.

Identifying property characteristics that affect property value in each market area: The appraiser identifies the location and market area of the property; physical attributes; and easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances or legal restrictions, through physical inspection, legal instruments and documents and analysis of data and information from other reliable sources.

Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: The district's primary approach to value for multi-family residential properties is the income approach since these properties are purchased for their ability to produce income. Cost or market data may be considered if it is available and reliable.

Applying the conclusions reflected in the model to the characteristics of the properties being appraised: After considering all three approaches to value (cost, sales, comparison, and income) the appraiser will reconcile multiple models by selecting the model that best addresses the individual characteristic of the subject property.

Reviewing the appraisal results to determine value: Year to year property value changes for the subject property are examined, Comparisons are conducted to determine if the level of appraisal and uniformity of appraisal is acceptable.

### **Description of Valuations Methods for Multi-Family Residential**

The district's primary approach to value for multi-family residential properties is the income approach as shown in the following formula.

Where:

PGI PGI= Potential Gross Rent  
V/C V/C= Vacancy and Collection loss  
EGR EGR= Effective Gross Rent  
SI SI= Secondary Income  
EGI EGI= Effective Gross Rent  
OPEX OPEX= Operating Expenses  
NOI NOI= Net Operating Income  
CR CR= Capitalization Rate  
MV MV= Market Value

According to Sec. 23.24, in determining the market value of real property on the basis of rental income, the appraisal district may not take into account any personal property valued as a portion of the income of the real property, and the market value of the real property must include the combined value of the real property and the personal property.

The cost approach may also be specified for multi-family property. Multi-family residential land values are specified by the sales comparison approach. An analysis of vacant sales is conducted and a series of land tables using front foot, square foot, per acre or per lot unit values are developed assigned to specific market areas. Table driven values may be modified for shape, size and topography or other factors.

The approach establishes replacement cost new (RCN) using a comparative unit method ---cost per square foot of building area. Since there are insufficient sales of newly constructed multi-family properties to build a local modifier, the Marshall & Swift modifier is used for single family residential property is applied here, the final modified costs are set up in a series of cost schedules where properties are classified by quality of construction and type of construction. The scheduled costs may be overridden to account for a typical features or characteristics not adequately addressed by the benchmark cost system. In accordance with Sec 23.011 Texas Property Tax Code, if the locally produced cost data varies from generally accepted cost data more than 10% the reason for that variation is clearly stated.

#### Depreciation

NCAD'S commercial depreciation is based on an age-life method of depreciation that uses effective age and economic life. Effective age is the age indicated by the condition and utility of a structure. Effective age will not always be the same as actual age. Structures with better than average maintenance, remodeling or modernization will have effective age less than the actual age. On the other hand, structures with poor maintenance that have not been remodeled or modernized will have an effective age greater than the actual age. Economic life is the period of time over which a structure contributes to property value. This concept can be stated as: effective age divided by economic life equals percent physical depreciation. A percent good is assigned based on observed obsolescence may be made if warranted.

#### Market Area Adjustments

No market areas for multi-family residential properties are defined.

The following formula denotes the cost approach formula generally used for multi-family residential:

$$MV=LV+ [(RCN-D)]$$

Where

MV= Market Value

LV= Land Value

RCN= Replacement Cost New

D= Depreciation

### Adjustments and Modifiers

If warranted, adjustments and modifiers may be applied to multi-family properties to address the individual characteristics affecting the property market value that otherwise cannot be adequately accounted for in the benchmark valuation system.

### Highest and Best Use

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 maximally productive. The highest and best use of multi-family residential is normally its current use.

## **COMMERCIAL REAL PROPERTY**

The plan calls for biennial reappraisal of commercial real properties with 2025 being a non-reappraisal year and 2026 being a re-appraisal year.

Identifying properties to be appraised: Commercial properties are identified as part of the appraiser's physical inspection process each year, through data submitted by the property owner, or by other reliable means of identification, including deeds or other legal documentation, photographs, maps and property sketches.

Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Subject property data is verified through previously existing records and through information provided by other reliable sources.

Defining market areas in the district: The appraiser identifies groups of properties where the social, economic, governmental, and physical forces affecting value are generally similar and uniform and delineates them into defined areas based on factors such as location, price range, use type, age, quality and condition of the building, and square footage.

Identifying property characteristics that affect property value in each market area: The appraiser identifies the location and market area of the property; physical attributes of the property such as size, age, and condition; legal and economic attributes; and easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances or legal restrictions through physical inspection, legal instruments and documents and analysis of data and information from other reliable sources.

Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: The districts primary approach to value for commercial properties is the cost approach with the income approach being used for those properties considered to be income producing properties. Applying the conclusions reflected in the model to the characteristics of the properties being appraised: After considering all three approaches to value (cost, sales, comparison, and income) the appraiser will reconcile multiple models by selecting the model that best addresses the individual characteristics of the subject property.

Reviewing the appraisal results to determine value: Year to year property value changes for the subject property are examined. Sales ratio studies are conducted to determine if the level of appraisal and uniformity of appraisal is acceptable. Additionally, commercial properties are reviewed by the Property Tax Divisions of the State Comptroller's Office through their annual property value study.

## Description of Valuation Methods for Commercial Property

The cost approach is specified for commercial property. An analysis of commercial lot sales is conducted and a series of land tables using front foot, square foot, per acre or per lot unit values are developed and assigned to specific market areas. Table driven values may be modified for shape, size topography or other factors.

The approach establishes replacement cost new (RCN) using a comparative unit method --- cost per square foot of building area. Since there are insufficient sales of newly constructed commercial properties to build a local modifier the Marshall & Swift modifier used for residential property is applied here. For commercial properties, improvements are classified by the following since there is a different market for each group: (1) Use types for which they were designed such as office and retail. (2) Construction types which refer particularly to the materials used in the exterior walls and frame. (3) Quality of construction. The final modified costs are set up in a series of cost schedules where properties are classified by use type, quality of construction, and type of construction. In accordance with Sec. 23.011 Texas Property Tax Code, if the locally produced cost data carries from generally accepted cost data more than 10%, the reason for that variation is clearly stated. The scheduled cost may be overridden to account for atypical features or characteristics not adequately addressed by the benchmark cost system.

### Depreciation

NCAD's commercial depreciation is based on an age-life method of deprecation that uses effective age and economic life. Effective age is the age indicated by the condition and utility of a structure. Effective age will not always be the same as actual age. Structures with better than average maintenance, remodeling or modernization will have an effective age less than the actual age. On the other hand, structures with poor maintenance that have not been remodeled or modernized will have an effective age greater than the actual age. Economic life is the period of time over which a structure contributes to property value. This concept can be stated as effective age divided by economic life equals percent physical depreciation. A percent good is assigned based on observed obsolescence may be made if warranted.

### Market Area Adjustments

No market areas for multi-family residential properties are defined.

The following formula denotes the cost approach formula generally used for multi-family residential:

$$MV=LV+ [(RCN-D)]$$

Where

MV= Market Value

LV= Land Value

RCN= Replacement Cost New

D= Depreciation

The income approach is applied to those commercial properties which are viewed by buyers and sellers as income producing properties: multi-tenant office buildings, motels, etc.

Where:

PGI PGI= Potential Gross Rent  
V/C V/C= Vacancy and Collection loss  
EGR EGR= Effective Gross Rent  
SI SI= Secondary Income  
EGI EGI= Effective Gross Rent  
OPEX OPEX= Operating Expenses  
NOI NOI= Net Operating Income  
CR CR= Capitalization Rate  
MV MV= Market Value

According to Sec 23.24, in determining the market value of real property on the basis of rental income, the appraisal district may not take into account any personal property valued as a portion of the income of the real property, and the market value of the real property must include the combined value of the real property and the personal property.

Adjustments and Modifiers

If warranted, adjustments and modifiers may be applied to multi-family properties to address the individual characteristics affecting the property market value that otherwise cannot be adequately accounted for in the benchmark valuation system.

Highest and Best Use

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 maximally productive. The highest and best use of multi-family residential is normally its current use.

## **VACANT REAL PROPERTY**

The plan calls for biennial reappraisal of vacant real properties with 2025 being a reappraisal year and 2026 being a reappraisal year.

Identifying properties to be appraised: Vacant real properties are identified as part of the appraiser's physical inspection process each year, through data submitted by the property owner, or by other reliable means of identification, including deeds or other legal documentation, photographs, maps and property sketches.

Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Subject property data is verified through previously existing records and through information provided by other reliable sources.

Defining market areas in the district: The diversity of vacant real properties in the district requires the use of market areas. The appraiser identifies groups of properties where the social, economic, governmental and physical forces affecting value are generally similar and uniform and delineates them into defined areas based on factors such as location, size, physical characteristics, and use.

Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: The district's primary approach to value for vacant real properties is the sales comparison approach because it most directly reflects the actions of the buyers and sellers in the market.

Applying the conclusions reflected in the model to the characteristics of the properties being appraised: After considering all three approaches to value (cost, sales comparison, and income) the sales comparison approach is used. The income approach is not used because this type of property does not have adequate income producing ability to attract buyers and the cost approach is not applicable since the properties are vacant.

Reviewing the appraisal results to determine value: Year to year property value changes for the subject property are examined. Sales ratio studies are conducted to determine if the level of appraisal and uniformity of appraisal is acceptable. Additionally, vacant real properties are reviewed by the Property Tax Division of the State Comptroller's Office through their annual property value study.

### **Description of Valuations Methods for Vacant Real Property**

Land models are specified by the sales comparison method. An analysis of vacant real property sales is conducted and market areas are identified and defined. Then a series of land tables using front foot, square foot, per lot or per acre unit values are developed for each market area. Properties are classified according to criteria including, but not limited to, the following: (1) Location (2) Physical characteristics and (3) Size. Table driven values may be modified for shape, size, and physical characteristics. Or topography. If warranted, adjustments and modifiers may be applied to vacant real properties to address the individual characteristics affecting the property's market value that otherwise cannot be adequately accounted for in the benchmark valuation system.

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and maximally productive. The highest and best use of vacant lots and make acreage tracts is for homesites. The highest and best uses of larger average tracts are for (1) agricultural use (2) recreational use (3) interim use as farm and ranch land with a future highest and best use of being subdivided into smaller tracts for sale and (4) rural homesites. The highest and best use for a relatively small number of vacant lots and small acreages is commercial.

#### **Market Area Adjustments**

Market areas for land are defined and listed in the NCAD Appraisal Policy and Procedures Manual.

### **MOBILE HOME PROPERTY**

The plan calls for reappraisal of mobile home properties with 2025 being a reappraisal year and 2026 being a reappraisal year.

Identifying properties to be appraised: Mobile home properties are identified as part of the appraiser's physical inspection process each year, through data submitted by the property owner, or by other reliable means of identification, including deeds or other legal documentation, photographs, maps and property sketches.

Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Subject property data is verified through previously existing records and through information provided by other reliable sources.

Defining market areas in the district: The diversity of housing types and geographic areas in the district requires the use of market areas. The appraiser identifies groups of properties where the social, economic, governmental and physical forces affecting value are generally similar and uniform and delineates them into defined areas based on factors such as location, price range, age of dwelling, quality and condition of dwelling, and square footage of living area.

Identifying property characteristics that affect property value in each market area:

The appraiser identifies the location and market area of the property; physical attributes of the property such as size, age, and condition; legal and economic attributes; and easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances or legal restrictions, through physical inspections, legal instruments and documents and analysis of data and information from other reliable sources.

Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics:

The district's primary approach to value for mobile home properties uses a hybrid cost-sales comparison approach that accounts for market area influences.

Applying the conclusions reflected in the model to the characteristics of the properties being appraised:

After considering all three approaches to value (cost, sales, comparison, and income) the hybrid cost sales-comparison approach is chosen because it accounts for market area influences not otherwise specified in the cost approach applied at large. The income approach is not used because mobile home properties are not generally purchased for their ability to produce income.

Reviewing the appraisal results to determine value: Year to year property value changes are examined. Sales ratio studies are conducted to determine if the level of appraisal and uniformity of appraisal are acceptable. Additionally, mobile home properties are reviewed by the Property Tax Division of the State Comptroller's Office through their annual property value study.

### **Description of Valuation Methods for Mobile Home Property**

#### **Replacement Cost New**

The cost approach is used to value mobile properties in the appraisal district.

Land values are specified by the sales comparison approach. An analysis of residential lot sales is conducted and a series of land tables using front foot, square foot, per acre or per lot unit values are developed and assigned to specific market areas. Table driven values may be modified for shape, size, topography or other factors.

The approach establishes replacement cost new (RCN) using a comparative unit method—cost per square foot of living area. Costs for building additives such as porches and garages are expressed in terms of a square foot cost based on a percentage of the base cost of the living area. Building component costs for items in excess of base cost, such as fireplaces and extra bathrooms, are expressed as a lump basis. RCN as specified by Marshall & Swift for different levels of quality of construction, exterior characteristics, and different sizes is determined.

A local modifier is determined by analyzing a group of sold properties consisting of new construction and then applied to the Marshall & Swift indicated costs. The final modified costs are set up in a series of cost schedules where properties are classified by quality of construction, type of construction, and size. The scheduled costs may be overridden to account for atypical features or characteristics not adequately addressed by the benchmark cost system. In accordance with Sec. 23.011 Texas Property Tax Code, if the locally produced cost data varies from generally accepted cost data more than 10% the reason for that variation is clearly stated.

#### Depreciation

Depreciation is the loss in value from the replacement cost of an improvement due to physical deterioration of a structure and is measured by the cost to cure the defect. Functional obsolescence refers to deficiencies or super adequacies within the structure. Economic obsolescence is loss in value from forces external to the property.

NCAD's mobile home depreciation tables are based on an age-life method of depreciation that uses effective age and economic life. Effective age is the age indicated by the condition and utility of a structure. Effective age will not always be the same as actual age. Structures with better than average maintenance, remodeling or modernization will have an effective age less than the actual age. On the other hand, structures with poor maintenance that have not been remodeled or modernized will have an effective age greater than the actual age. Economic life is the period of time over which a structure contributes to property value. This concept can be stated as: effective age divided by economic life equals percent physical depreciation.

Schedules have been developed for improvements with typical economic lives of various lengths. The schedules reflect what is considered typical for a structure at a certain effecting age. However, schedule depreciation may be overridden with a percent good to account for the condition of otherwise similar structures that depreciate at lesser or more rapid rates than what is considered to be typical and that cannot be adequately accounted for in the benchmark depreciation system. Adjustments for functional and economic obsolescence may be made if warranted.

#### Market Area Adjustments

The districts primary approach to value for mobile home properties uses a hybrid cost-sales comparison approach that accounts for market area influences, not otherwise specified in the cost approach, that accounts for market area influences, not otherwise specified, in the cost approach as it is applied at large. Market area adjustments are needed to trend values produced by the cost approach closer to actual sales prices of property within a given market area. The sales used to determine the market area adjustments will reflect the market influences and conditions only for the specified market area.

In determining the market value of a homestead, the sales of other residential property in the same neighborhood may not be excluded from consideration because the other property (1) was sold at a foreclosure sale in any of the three years preceding the tax year in which the residential homestead is being appraised and was comparable at the time of sale to the subject property; or (2) has a market value that has declined because of a declining economy.

Market area adjustments are made on the basis of sales to appraisal ratio studies that compare recent sales prices of properties within a delineated market area with the properties' value as determined by the cost approach. The ratios derived from dividing the appraisal districts cost approach values by the sales prices will indicate the level of appraisal currently produced by the at large cost approach. The appropriate market area adjustment, whether upward or downward, is then applied to trend the appraised values closer to actual market value as evidenced by the recent sales prices within the given area. Once the market area adjustment is applied, a second ratio study is conducted to compare the proposed appraised values with the recent sales prices. From this study, a final market area including sold and unsold properties. Market areas from mobile properties are defined and listed in the NCAD Appraisal Policy and procedures Manuel which is attached to this plan by reference.

The following formula denotes the formula generally used for mobile home properties:

$$MV= LV + MAA [(RCN-D)]$$

Where:

MV= Market Value

LV= Land Value

MAA= Market Area Adjustment

RCN= Replacement Cost New

D= Depreciation

#### Adjustment and Modifiers

If warranted, adjustments and modifier may be applied to mobile home properties to address the individual characteristics affecting the property's market value that otherwise cannot be adequately accounted for in the benchmark valuation system.

#### 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 the appraisal. The highest and best use must be physically possible, legal, financially feasible, and maximally productive. The highest and best use of a mobile home property is normally its current use. However, under Sec 23.01 (c), the market value of a residence homestead shall be determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property.

#### Residential Homesteads Subject To the Homestead Cap

The appraised value of a residence homestead may not exceed the lesser of:

I. The market value of the property for the most recent year that the market value was determined by the appraisal office; or

II. The sum of (a) 10 percent of the appraised value of the property for the preceding tax year (b) the appraised value of the property for the preceding tax year; and (c) the market value of all new improvements to the property. The term “new improvement” means an improvement to a residence homestead made after the most recent appraisal of the property that increases the market value of the property and the value of which is not included in the appraised value of the property for the preceding tax year. New improvements do not include repairs to or ordinary maintenance of an existing structure or the grounds or another feature of the property.

III. If the appraised value for the current year exceeds the limits established by the above criteria, then a homestead cap adjustment calculated and applied to reduce the appraised value to the allowable level. A review of homestead cap adjustments is made with larger adjustments subject to further review.

IV. The limitation takes effect on January 1 of the tax year following the first year the property owner qualifies for any homestead exemption and expires on January 1 of the first tax year that neither the owner nor the owner's spouse qualifies for a homestead exemption. When an owner makes application for a homestead exemption, the qualification year is entered into the district's computer assisted mass appraisal system.

V. The field appraiser maintains a record of the date of physical inspection, changes made based upon that inspection and determinations as to whether changes constitute new improvement value. Values for new physical additions and further progress of construction work in progress are calculated as new improvement value. Changes in value resulting from ordinary maintenance and remodeling are not considered as new improvements.

#### **MISCELLANEOUS RURAL IMPROVEMENTS**

The plan calls for biennial reappraisal of miscellaneous rural improvements properties with 2025 being a reappraisal year and 2026 being a reappraisal year.

Identifying properties to be appraised: Miscellaneous rural improvement properties are identified as part of the appraiser's physical inspection process each year, through data submitted by the property owner, or by other reliable means of identification, including deeds or other legal documentation, photographs, maps and property sketches.

Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Subject property data is verified through previously existing records and through information provided by other reliable sources.

Defining market areas in the district: The diversity of housing types and geographic areas in the district requires the use of market areas. The appraiser identifies groups of properties where the social, economic, governmental and physical forces affecting value are generally similar and uniform and delineates them into defined areas based on factors such as location, price range, age of dwelling, quality and condition of dwelling, and square footage of living area.

Identifying property characteristics that affect property value in each market area:

The appraiser identifies the location and market area of the property; physical attributes of the property such as size, age, and condition; legal and economic attributes; and easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances or legal restrictions, through physical inspections, legal instruments and documents and analysis of data and information from other reliable sources.

Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics:

The district's primary approach to value for mobile home properties uses a hybrid cost-sales comparison approach that accounts for market area influences.

Applying the conclusions reflected in the model to the characteristics of the properties being appraised:

After considering all three approaches to value (cost, sales, comparison, and income) the hybrid cost sales-comparison approach is chosen because it accounts for market area influences not otherwise specified in the cost approach applied at large. The income approach is not used because mobile home properties are not generally purchased for their ability to produce income.

Reviewing the appraisal results to determine value: Year to year property value changes are examined. Sales ratio studies are conducted to determine if the level of appraisal and uniformity of appraisal are acceptable. Additionally, mobile home properties are reviewed by the Property Tax Division of the State Comptroller's Office through their annual property value study.

### **Description of Valuation Methods for Rural Miscellaneous Improvement Property**

The cost approach is specified for rural miscellaneous improvement property

The approach establishes replacement cost new (RCN) using a comparative unit method--- cost per square foot of building area. For rural miscellaneous improvement properties, improvements are classified by the following: (1) Use types for which they were designed (2) Construction types which refer particularly to the materials used in the exterior walls and frame and (3) Quality of construction.

The cost approach for miscellaneous rural improvement properties may be specified as follows:

$$MV = (RCN - D)$$

Where:

MV= Market Value

RCN= Replacement Cost New

D= Depreciation

#### **Depreciation**

NCAD'S rural miscellaneous improvement depreciation is based on an age-life method of depreciation that uses effective age and economic life. Effective age is the age indicated by the condition and utility of a structure. Effective age will not always be the same as actual age. Structures with better than average maintenance, remodeling or modernization will have effective age less than the actual age. On the other hand, structures with poor maintenance that have not been remodeled or modernized will have an effective age greater than the actual age. Economic life is the period of time over which a structure contributes to property value. This concept can be stated as: effective age divided by economic life equals percent physical depreciation. A percent good is assigned based on observed obsolescence may be made if warranted.

## Market Area Adjustments

No market areas are identified for rural miscellaneous improvements

## **SPECIAL VALUATION PROPERTIES**

The plan calls for the reappraisal of special valuations properties on an annual basis.

Identifying properties to be appraised: Special Valuation properties are identified as part of the appraiser's physical inspection process each year, through data submitted by the property owner, or by other reliable means of identification, including deeds or other legal documentation, photographs, maps and property sketches.

Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Subject property data is verified through previously existing records and through information provided by other reliable sources.

Defining market areas in the district: The diversity of housing types and geographic areas in the district requires the use of market areas. The appraiser identifies groups of properties where the social, economic, governmental and physical forces affecting value are generally similar and uniform and delineates them into defined areas based on factors such as location, price range, age of dwelling, quality and condition of dwelling, and square footage of living area.

Identifying property characteristics that affect property value in each market area:

The appraiser identifies the location and market area of the property; physical attributes of the property such as size, age, and condition; legal and economic attributes; and easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances or legal restrictions, through physical inspections, legal instruments and documents and analysis of data and information from other reliable sources.

Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics:

The district's primary approach to value for Special Use properties are the income approaches specified in Sec 23 Texas Property Code.

Applying the conclusions reflected in the model to the characteristics of the properties being appraised: Since the income approaches to special use properties are required by statute, no other methods were considered or used.

Reviewing the appraisal results to determine value: Year to year property value changes are examined. Additionally, mobile home properties are reviewed by the Property Tax Division of the State Comptroller's Office through their annual property value study.

## **Description of Valuation Methods for Special Valuation Properties**

Special Valuation properties include the following categories: agricultural land, timber land and restricted timberland. Special use Valuation properties must meet the qualifications set forth in Sec 23 Texas Property Tax Code in order to receive special use valuation. All Special use properties are also appraised at market value according to the methodology described in the foregoing section of valuation of vacant real property. Special use valuation properties are re-inspected every other year. The re-inspection areas for tax years 2025 and 2026 are indicated on the re-inspection map that is attached to this plan.

### **AGRICULTURAL LAND**

Agricultural land is valued in accordance with Sec 23 Texas Property Tax Code. Land is classified into categories such as native pasture and improved pasture. The categories may be further divided based on factors that influence the productive capacity of the category. For each category, a net-to-land is determined. Net to land means the average annual net income derived from the use of open space land that would have been earned from the land during the five year period preceding the year before the appraisal by an owner using ordinary prudence in the management of the land and the farm crops or livestock produced or supported on the land and, in addition, any income received from hunting or recreational leases. The net-to-land is calculated by considering the income that would be due the landowner under a cash lease (which is the typical lease arrangement for all categories of agricultural land in the area) and all expenses directly attributable to the agricultural use of the land. The net income remaining after expenses are deducted from gross income is then capitalized at the capitalization rate specified in Sec. 23.53 to arrive at the productivity value. Cash leases are based on the results of an ongoing cash lease survey conducted by the district. Expenses include: property taxes, fencing expenses, and management expenses. Property taxes are determined by the actual taxes levied by the county's taxing units on agricultural land. Fencing expenses are based on Marshall & Swift costs and the most current agricultural census data available. Management cost are those cost incurred in the supervision and monitoring of the lease arrangement.

The model for agricultural land may be shown as follows:

Year 1	Year 2	Year 3	Year 4	Year 5	
GL		GL		GL	GL
+HL		+HL		+HL	+HL
=GI		=GI		=GI	=GI
Less:		Less:		Less:	Less:
PT		PT		PT	PT
FE		FE		FE	FE
ME		ME		ME	ME
=NTL		=NTL		=NTL	=NTL

Then:

$$(NTL \text{ YEAR 1} + NTL \text{ YEAR 2} + NTL \text{ YEAR 3} + NTL \text{ YEAR 4} + NTL \text{ YEAR 5}) / CR = PV$$

Where:

GL= GRAZING LAND

HL= HUNTING LEASE

GI= GROSS INCOME

PT= PROPERTY TAXES

FE= FENCING EXPENSES

ME= MANAGEMENT EXPENSE

NTL= NET TO LAND

CR= CAPITALIZATION RATE

PV= PRODUCTIVITY VALUE

## TIMBERLAND

The appraisal of Timberland is governed by provisions of the Sec.23 Texas Property Tax Code which directs the State Comptroller to develop a manual for appraising timberland and requires appraisal districts to use the appraisal methodology set forth in the manual. Sec 23.71 requires the appraisal district to use information from only four sources: United States Department of Agriculture, Natural Resources Conservation Service, Texas Forest Service and Texas Colleges and Universities.

Timberlands are classified by forest type (hardwood, pine and mixed) and soil types (class I, II, III, and IV) resulting in 12 categories such as Pine I, Pine II, Mixed I, and Mixed III, etc.

A net to land is determined for each classification. Net to land means the average net income that would have been earned by a category of land over the preceding five years by a person using ordinary prudence in the management of the land and the timber produced on the land. The net to land for each year is determined by multiplying the lands potential average annual growth rate, expressed in tons, by the stumpage value expressed in price per ton, of large pine saw timber, small pine saw timber, pine pulpwood, hardwood saw timber, hardwood pulpwood, and any other significant timber product and by then subtracting from the product reasonable management costs and other reasonable expenses directly attributable to the production of timber. Stumpage prices are determined by using information collected for all types of timber sales including cutting contract and Gatewood sales. The net-to-land for each category is capitalized at the capitalization rate specified in Sec 23.74.

A summary of the timberland appraisal methodology follows:

- (1) Classify timber into three forest types --- pine, mixed and hardwood
- (2) Classify timberland into four soil types based on productive capacity--- I, II, III, IV
- (3) Estimate average annual average timber growth rate
- (4) Convert growth rates to the same scale in which forest products selling prices are reported
- (5) Estimate average annual timber prices – Texas Forest Service Reports
- (6) Estimate average annual potential gross income of timber growth
- (7) Estimate average annual costs of producing timber—Texas Forest Service for State Comptroller
- (8) Estimate net income of timber growth
- (9) Capitalize net income by statutory capitalization

#### **RESTRICTED TIMBERLAND**

The same procedures utilized for timberland are also used in the valuation of restricted timberland except that the timberland valuation is multiplied by 50% to arrive at the restricted timberland valuation.

#### **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 maximally productive. Sec. 23 Texas Property Tax Code requires that special valuation properties be appraised based on their current use.

#### **SPECIAL INVENTORY RESIDENTIAL**

The plan calls for annual re-appraisal of special inventory residential properties

Identifying properties to be appraised: Special Valuation properties are identified as part of the appraiser's physical inspection process each year, through data submitted by the property owner, or by other reliable means of identification, including deeds or other legal documentation, photographs, maps and property sketches.

Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Subject property data is verified through previously existing records and through information provided by other reliable sources.

Defining market areas in the district: The appraiser identifies groups of properties where the social, economic, governmental and physical forces affecting value are generally similar and uniform and delineates them into defined areas based on factors such as price range, lot size and location.

Identifying property characteristics that affect property value in each market area:

The appraiser identifies the location and market area of the property; physical attributes of the property such as size, age, and condition; legal and economic attributes; and easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances or legal restrictions, through physical inspections, legal instruments and documents and analysis of data and information from other reliable sources.

Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics:

The district's primary approach to value for Special inventory residential properties uses the discounted cash flow method of the income approach since these properties are purchased for their ability to produce income. However, if reliable cost data is available, the cost approach may be used.

Applying the conclusions reflected in the model to the characteristics of the properties being appraised:

After considering all three approaches to value (cost, sales, comparison and income) the appraiser will reconcile multiple models by selecting the model that best addresses the individual characteristics of the subject property.

Reviewing the appraisal results to determine value: Year to year property value changes are examined. Periodic reviews of values by other appraisers are also employed.

#### **DESCRIPTION OF VALUATION METHODS FOR SPECIAL INVENTORY RESIDENTIAL PROPERTY**

The district uses the discounted cash flow method of the income approach to determine the values for residential inventory properties. Since there are generally insufficient sales of residential inventories, the sales comparison approach is not used. If reliable and accurate cost data is available, the cost approach may be used.

The following outlines the income approach to residential inventory:

- (1) Project the number of years which will be required to sell all of the lots and the number of lots which will be sold each year during that period.
- (2) For each year, estimate the sales prices of the lots that will be sold and multiply the estimate sales price by the projected number of lots that will be sold to arrive at a gross income.
- (3) For each year, estimate the taxes, management costs and sales expenses.
- (4) Deduct the total expenses from the gross income to arrive at a net income
- (5) Apply an appropriate discount rate to the stream of projected net incomes to arrive at market value.

#### **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 maximally productive. Sec. 23 Texas Property Tax Code requires that special valuation properties be appraised based on their current use.

## **BUSINESS PERSONAL PROPERTY**

The plan calls for annual re-appraisal of business personal property.

Identifying properties to be appraised: Business personal property assets are identified as part of the appraiser's physical inspection process each year, through data submitted by the property owner, or by other reliable public and private means of identification, including but not limited to the previous year's appraisal roll, vehicles listing services, and business directories.

Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Subject property data is verified through previously existing records and through information provided by other reliable sources.

Defining market areas in the district: Market areas for business personal property tend to be regional in scope; therefore, no separate market areas are established for this type of property in the district.

Identifying property characteristics that affect property value in each market area:

The appraiser identifies the location and market area of the property; physical attributes of the property such as size, age, and condition; and use type.

Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics:

The district's primary approach to value for Business Personal Property uses a cost approach.

Applying the conclusions reflected in the model to the characteristics of the properties being appraised:

After considering all three approaches to value (cost, sales, comparison and income) the cost approach is selected. The sales comparison approach and income approach are generally not used due to inadequate data.

Reviewing the appraisal results to determine value: Year to year property value changes for the subject property are examined. Reviews are conducted to determine if the level of appraisal and uniformity of appraisal is acceptable. Additionally, business personal property is reviewed by the Property Tax Division of the State Comptroller's Office through their annual property value study.

### **Description of Valuation Methods for Business Personal Property**

The district's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) is generally developed from information that the property owner furnishes to the district by filing renditions or other reports. If the cost information is not provided by the owner, the cost is estimated using costs reported for similar assets, the Comptroller's latest available business personal property cost schedules, published cost schedules or other generally accepted sources of costs data. Costs may be expressed on a comparative unit basis (per square foot). Costs may also be expressed in terms of individual assets where a comparative unit basis is not applicable.

The district uses the most current version of the Comptroller's business personal property depreciation table. A depreciation override may be applied to all types of property if the condition or effective age of a property cannot be adequately accounted for in the benchmark depreciation system. Also, adjustments for functional and economic obsolescence may be made if warranted.

Business personal property is generally classified according to use types or standard industrial codes (SIC) to identify businesses having common attributes such as convenience store, auto parts store, etc. Then the property is grouped into two principle categories: (1) furniture, fixtures and equipment (FFE) and (2) inventory. If the square foot method is used, then these categories are then considered in terms of density and quality levels.

Vehicle values are based on values provided by an outside vendor and property owner rendition information.

Inventory values are based on property owner reported data or other data reported for similar businesses. Additionally, other generally accepted sources of published data may be used.

Business personal property defined as “special inventory” is appraised in accordance with the statutory requirements of Sec. 23 Texas Property Tax Code.

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and maximally productive. The highest and best use of business personal property is generally its current use.

According to Sec. 23.24, if real property is appraised by a method that takes into account the value of furniture, fixtures and equipment in or on the real property, the furniture, fixtures and equipment shall not be subject to additional appraisal as personal property.

## **INDUSTRIAL REAL PROPERTY**

The plan calls for annual re-appraisal of industrial real properties through professional services contract services contract with a valuation engineering firm, Pritchard and Abbott, Inc.

(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 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.

### **Description of Valuation Methods for Industrial Real Property**

Industrial real properties are appraised using replacement/reproduction cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information, and comparable properties, if available. Reproduction costs are based on actual investments in the subject or comparable properties properly adjusted for typical changes in cost over time. The cost approach involves the selection of the appropriate service life for each type of class of property. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based published sources, market evidence and the experience of knowledgeable appraisers. Adjustments for function and economic obsolescence may be made if utilization and income data for the subject justify such. Income approach models are also used when economic and/or subject property income information is available. Capitalization and discount rates are based on published capital cost for the industry of the subject property and involve the selection of the cost of capital or discount rate appropriate to the property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. A market data model based on typical selling price per unit of capacity is also used when appropriate market sales information is available. The market data approach involves adjusting sales prices of comparable properties to reflect the individual characteristics of the subject property.

#### **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 the appraisal. The highest and best use must be physically possible, legal, financially feasible, and maximally productive. Highest and best use analysis of industrial real property is based on the likelihood of the continued use of the improvements in their current and/or intended use.

### **INDUSTRIAL PERSONAL PROPERTY**

The plan calls for annual re-appraisal of utility properties through professional services contract with a valuation engineering firm, Pritchard and Abbot Inc.

(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 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 reconciles multiple models by considering the model 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.

### **Description of Valuation Methods for Industrial Personal Property**

Industrial personal properties are appraised using replacement cost/reproduction new less depreciation models. Replacement cost are estimated from published sources, other publicly available information, and comparable properties, Reproduction costs are based on actual investment in the subject or comparable properties properly adjusted for typical changes in cost over time. The cost approach involves the selection of the appropriate service life for each type or class of property. 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 and income data for the subject justify such. Income approach models are also used when economic and/or subject property income information is available. Capitalization and discount rates are based on published capital costs for the industry of the subject property and involve the selection of the cost of capital or discount rate appropriate to the property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. A market data approach involves adjusting sales price of comparable properties to reflect the individual characteristics of the subject property.

In reconciling multiple model results for a property, the appraiser considers the model results that best address the individual characteristic of the subject property and that are based on the most reliable data.

### **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 the appraisal. The Highest and best use must be physically possible, legal, financially feasible, and maximally productive. Highest and best use analysis of industrial personal property is based on the likelihood of the continued use of the property in its current and/or intended use.

## **UTILITIES**

The plan calls for annual re-appraisal of utility properties through professional services contract with a valuation engineering firm, Prichard and Abbot, Inc.

(1) Identifying properties to be appraised: Utility, railroad and pipeline properties that are susceptible to inspection are identified by inspection. The appraiser may also refer to other documents, both public and also confidential to assist in identification of these properties.

(2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through data collected as party of the property owner, sometimes including confidential rendition. Additional data are obtained through public sources, regulatory reports and through analysis of comparable.

(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: 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 similar to pipeline except that the RCNLD model is not used. In reconciling multiple model results, the appraiser considers the model results that best address the individual characteristics of the subject property.

(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 appraisal 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.

### **Description of Valuation Methods for Utility Properties**

For all pipelines a value is calculated using a Replacement Cost New Less Depreciation (RCNLD) model. This involves first calculating the cost of building a new pipeline of equal utility using current prices. The Replacement Cost New (RCN) is a function of location, length, diameter, and composition. Depreciation is then subtracted from RCN to produce the final value estimate. Depreciation is defined as the loss of value resulting from any cause. The three common forms of depreciation are physical, functional and economic. Physical depreciation is accounted for on the basis of the age of the subject pipeline. Functional and economic obsolescence (depreciation) can be estimated through the use of survivor curves or other normative techniques. Specific calculations to estimate abnormal functional and/or economic obsolescence can be made on the basis of the typical utilization of the subject pipeline. After deductions from RCN have been made for all three forms of depreciation, the remainder is the RCNLD or cost approach model indicator of value.

In addition to the RCNLD indicator, a unit value model may also be used for those pipelines for which appropriate income statements and balance sheets are also available. Generally, this model we used for those pipelines that by regulation are considered to be common carriers. The unit value model must be evaluated for the entire pipeline system. The final correlated value of the system can then be allocated among the various components of the system to determine the value for each pipeline segment.

Utility and railroad properties are appraised in a manner similar to pipelines except the RCNLD model is not used.

#### 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 the appraisal. The highest and best use must be physically possible, legal, financially feasible, and maximally productive. Highest and best use analysis of utility properties is based on the likelihood of the continued use of the properties in their current and/or intended use.

### **OIL AND GAS PROPERTIES**

The plan calls for annual reappraisal of minerals interests through professional services contract with a valuation engineering firm, Pritchard & Abbott, Inc.

(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 and 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 free 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 that relationship among property characteristics affecting value and best determines the contribution of individual property characteristics: Among the three approaches to value (cost, income, market), the income approach to value is most commonly used in the oil and gas industry. Through use of the discounted cash flow technique in particular, the appraiser is able to bring together relevant characteristics of production volume and pattern, product prices, operating expenses and discount rate to determine and 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 also compares it to industry expected payouts and income indicators. The appraiser examines the models value with its previous years income, expecting value to typically vary within 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. 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.

### **Description of Valuation Methods for Oil and Gas Properties**

The income method of appraisal as described in Sec. 23.012 of the Texas Property Tax Code is the principal appraisal method used. This approach involves estimating the future reserves of the property and the timing of how those reserves of future pricing generates an estimated yearly income that is discounted to present value. The production rates are developed using monthly production reported to the Texas Railroad Commission.

Monthly lease volumes of oil and gas sold and the income received for them, as reported to the Comptroller's Office, are used to develop product prices. Published data, information submitted from operators and royalty owners, information from data services, and other sources generally recognizes as being reliable are also used. This data is then considered with pricing directives specified in Sec. 23.175. Base discount rates are developed and then a market adjustment factor (MAF) is applied to the base discount rate in order to apply property specific risks. These factors, which create a wide range of discount rates for the properties being appraised, are necessary to equitably evaluate disparate leases with respect to remaining reserves, price and cost.

The resulting oil and gas lease value is then allocated to each owner in the lease based on his fractional ownership interest. Royalty and working interests have different impacts on their respective values, since only working interests bear the cost of lease operation. Therefore, royalty mineral interest owners values are allocated from 100% of the appraised royalty value of the lease, according to their fractional royalty interest while working interest owners' values are allocated from 100% of the determined working interest value of the lease, according to their fractional working interest.

### **VALUE DEFENSE- OVERVIEW**

The following value defense issues apply to all property types.

Regardless of the nature of the protests or the type of property, the district attempts to resolve all protests in informal meetings before they are scheduled for an appraisal review board hearing.

Informal hearing are seen as an opportunity to accomplish the following objectives:

- (1) To correct simple errors and ensure that the appraisal records are correct
- (2) To ensure that properties are equitably valued
- (3) To ensure that the appraisal takes into account all pertinent factors
- (4) To identify and address specific issues the owner is concerned about
- (5) To ascertain the owner's opinion of property value
- (6) To increase the owners understanding of assessment administration

In the informal meetings, the appraiser presents a general explanation of the appraisal and the approach to value that was used, sales data, and data specific to the subject property and considers information presented by the owner. In cases involving unequal appraisal issues, the appraiser may be presented by the owner. In cases involving unequal appraisal issues, the appraiser may present ratio studies or a comparison of other properties. No confidential information shall be disclosed unless the property owner has requested information under Sec. 41.461. If this information is furnished to the property owner, the owner must sign an affidavit stating that the information is confidential and shall not be disclosed to other parties.

The appraiser should note the date of the informal meeting and summarize the issues discussed and the final outcome of the meeting. If the property owner and the appraiser agree to settle an issue, they should sign the NCAD waiver and settlement agreement, and the owner should be provided a copy.

If the appraiser and the property owner are unable to resolve the issue, a formal appraisal review board hearing is conducted. When taxpayers are scheduled for a formal hearing, they are provided at least a 15-day notice of the time, date and place of the hearing including all materials required by law. For formal hearings, the district follows the rules and procedures adopted by the Appraisal Review Board.

The appraisal district may be subject to three standards of proof in formal hearings.

Sec. 41.43 Texas Property Tax Code places the burden of proof on the appraisal district in protests regarding over – appraisal of property and unequal appraisal of property. Evidence to be used by the appraisal district to meet its burden of proof for market value and equity protests in formal appraisal review board hearings is specified and tested.

Sec 41.42 increases the appraisal districts burden of proof on property that has a market or appraised value of 1\$ million or less, for which the property owner submits and appraisal that meet its burden of proof for market value and equity protests in formal appraisal review board hearings is specified and tested.

Sec. 23.01 (c) increases the burden of proof on property where the value was lowered in the previous year by the appraisal review board by requiring that the appraisal district must prove its assertion to increase the value by "substantial evidence".

In formal hearings the district assigns the most qualified and knowledgeable staff member available to represent the district in the hearings. The validity of the appraisal model and the final value resulting from the model are reviewed and verified. All evidence is reviewed and verified for accuracy and completeness before it is presented to the board. All evidence presented by appraisal district staff members in formal hearings is presented under oath. The district makes available all information

required by Sec 41.461 if requested by the property owner. No confidential information is disclosed at a formal hearing unless such disclosure is authorized by law.

The district's defense of unequal appraisal in formal hearings is done in accordance with Sec. 41.43 (b) Texas Property Tax Code. In unequal appraisal cases the district presents at least one of the following forms of evidence which establishes that (1) the appraisal ratio of the property is equal to or less than the median level of appraisal of a reasonable and representative sample of other properties in the appraisal district; (2) the appraisal ratio of the property is equal to or less than the median level of appraisal of a sample of properties in the appraisal district consisting of a reasonable number of other properties similarly situated to, or of the same general kind or character as the property subject to the protest; or (3) the appraised value of the property is equal to or less than the median appraised value of a reasonable number of comparable properties appropriately adjusted. The most appropriate form of unequal appraisal evidence is chosen depending on data availability and characteristics of the property being appealed.

The district uses a data processing application to manage administration of appeals. The system tracks informal and formal appeals, scheduling of appeals for hearing, and final disposition of appeals. Statistical records of appeal activity are maintained for budgeting and planning purposes.

### **Value Defense Single Family Residential**

The informal value defense on a single-family residential property relies upon a general explanation of the appraisal and the approach to the value that is used. More detailed explanations of the variables used in the model may also be conducted. Typically, the reasons for change in the appraised values involve changing sales prices in the market, application of a market area modifier, addition of new construction, completion of partially complete structures, or reappraisal because the previous year's value was inaccurate or unequal. The district's appraisal record, commonly known as the appraisal card is typically used. Also, a comparable sales analysis as well as other pertinent data may be used. For unequal appraisal protest the following may be used: a comparison of total values for similar properties, a comparison of per square foot values for similar properties, or sales ratio study.

At the formal hearing, the district states its opinion of market value supports its opinion of value with an explanation and justification of the appraisal model, the approach to value and the data variables used in the model. Typically, the following evidence is also presented; summary sheet, a photograph of the residence (if available), a locational description, a comparable sales analysis, and any other pertinent data. In unequal appraisal cases the district presents at least one of the aforementioned forms of evidence required by Sec. 41.43 (b) depending on which one is most appropriate in view of data availability and characteristics of the property being appealed. Generally, if a recent sale of independent appraisal of the subject property is available, the district conducts a sales ratio study using a sample of other properties or similar properties. Otherwise, the district presents a sample comparison of one or more of the following for properties comparable in terms of size, quality of construction, age and condition, appropriately adjusted: (1) total property value (2) per square foot property value based on living area.

## **Value Defense Multi-Family Residential**

The informal value defense on a multi-family residential property relies upon a general explanation of the appraisal and the approach to value that is used. More detailed explanations of the variables used in the model may also be conducted. Typically changes in valuations of multi-family properties occur because of changes in rents, expenses and/or capitalization rates. The districts income approach to value is generally used as evidence in the informal hearing. For unequal appraisal protests the following may be used: a comparison of total values for similar properties, a comparison of per square foot values for similar properties, or a comparison of per unit values.

At the formal hearing, the district states its opinion of market value and supports its opinion of value with an explanation and justification of the appraisal model, the approach to value, and the data variables used in the model. Typically, the following evidence is also presented: summary card, a locational description, detailed income approach and any other pertinent data. In unequal appraisal cases the district presents at least one of the aforementioned forms of evidence required by Sec. 41.43 (b) depending on which one is most appropriate in view of data availability and characteristics of the property being appealed. Generally, there are insufficient numbers of sales for the district to conduct a sales ratio study. Typically, the district presents a sample comparison of one or more of the following comparable in terms of size, quality of construction, age and condition, rent levels and size of units appropriately adjusted: (1) total property value (2) per square foot property value based on living area (3) total improvement value (4) per square foot property improvement value based on living area (5) total property value on a per unit basis.

## **Value Defense Commercial**

The informal value defense on a commercial property relies upon a general explanation of the appraisal and the approach to value that is used. More detailed explanations of the variables used in the model may also be conducted. Typically changes in value occur because of reappraisal based on increasing sales prices; application of market area modifier, addition of new construction, completion of partially complete structures, or reappraisal because the previous year's value was inaccurate or unequal. For income properties changes in rents, expense and/or capitalization rates are also explained. The districts appraisal record, commonly known as the appraisal card, is typically used. Also, a comparable sales analysis or the districts income approach and other pertinent data may be used. For unequal appraisal protests the following may be used: a comparison of total values for similar properties, a comparison of per square foot values for similar properties, or a sales ratio study.

At the formal hearing, the district states its opinion of market value and supports its opinion of value with an explanation and justification of the appraisal model, the approach to value, and the data variables used in the model. At the formal hearing, the summary sheet a comparable sales analysis are most commonly presented as evidence in market value cases. In unequal appraisal cases the district presents at least one of the aforementioned forms of evidence required by Sec 41.43 (b) depending on which one is most appropriate in view of data availability and characteristics of the property being appealed. Generally, there are insufficient numbers of sales for the district to conduct a sales ratio study. Typically, the district presents a sample comparison of one or more of the following comparable in terms of size, quality of construction, age and condition, rent levels and size of units appropriately adjusted: (1) total property value (2) per square foot property value based on building area (3) total improvement value or (4) per square foot value for improvement based on building area.

### **Value Defense for Vacant Real Property**

The informal value defense on a vacant real property relies upon a general explanation of the appraisal and the approach to value that is used. More detailed explanations of the variables used in the model may also be conducted. Typically changes in value occur because of reappraisal based on increasing sales prices; application of market area modifier, addition of new construction, completion of partially complete structures, or reappraisal because the previous year's value was inaccurate or unequal. For income properties changes in rents, expense and/or capitalization rates are also explained. The districts appraisal record, commonly known as the appraisal card, is typically used. Also, a comparable sales analysis or the districts income approach and other pertinent data may be used. For unequal appraisal protests the following may be used: a comparison of total values for similar properties, a comparison of per square foot values for similar properties, or a sales ratio study.

At the formal hearing, the district states its opinion of market value and supports its opinion of value with an explanation and justification of the appraisal model, the approach to value, and the data variables used in the model. At the formal hearing, the summary sheet a comparable sales analysis are most commonly presented as evidence in market value cases. In unequal appraisal cases the district presents at least one of the aforementioned forms of evidence required by Sec 41.43 (b) depending on which one is most appropriate in view of data availability and characteristics of the property being appealed. Generally, there are insufficient numbers of sales for the district to conduct a sales ratio study. Typically, the district presents a sample comparison of one or more of the following comparable in terms of size, quality of construction, age and condition, rent levels and size of units appropriately adjusted: (1) total property value (2) property value per comparative unit --- per acre, per square foot, per front foot, or per lot.

### **Value Defense Mobile Homes**

The informal value defense on a mobile home property relies upon a general explanation of the appraisal and the approach to value that is used. More detailed explanations of the variables used in the model may also be conducted. Typically changes in value occur because of reappraisal based on increasing sales prices; application of market area modifier, addition of new construction, completion of partially complete structures, or reappraisal because the previous year's value was inaccurate or unequal. For income properties changes in rents, expense and/or capitalization rates are also explained. The districts appraisal record, commonly known as the appraisal card, is typically used. Also, a comparable sales analysis or the districts income approach and other pertinent data may be used. For unequal appraisal protests the following may be used: a comparison of total values for similar properties, a comparison of per square foot values for similar properties, or a sales ratio study.

At the formal hearing, the district states its opinion of market value and supports its opinion of value with an explanation and justification of the appraisal model, the approach to value, and the data variables used in the model. At the formal hearing, the summary sheet a comparable sales analysis are most commonly presented as evidence in market value cases. In unequal appraisal cases the district presents at least one of the aforementioned forms of evidence required by Sec 41.43 (b) ) depending on which one is most appropriate in view of data availability and characteristics of the property being appealed. Generally, there are insufficient numbers of sales for the district to conduct a sales ratio study. Typically, the district presents a sample comparison of one or more of the following comparable in terms of size, quality of construction, age and condition, rent levels and size of units appropriately adjusted: (1) total property value (2) per square foot property value based on living area (3) total homesteadable improvement value or (4) per square foot value for homesteadable improvement based

on living area.

#### **Value Defense Miscellaneous Rural Improvements**

The informal value defense on a miscellaneous rural improvement property relies upon a general explanation of the appraisal and the approach to value that is used. More detailed explanations of the variables used in the model may also be conducted. Typically changes in value occur because of reappraisal based on increasing sales prices; application of market area modifier, addition of new construction, completion of partially complete structures, or reappraisal because the previous year's value was inaccurate or unequal. For income properties changes in rents, expense and/or capitalization rates are also explained. The districts appraisal record, commonly known as the appraisal card, is typically used. Also, a comparable sales analysis or the districts income approach and other pertinent data may be used. For unequal appraisal protests the following may be used: a comparison of total values for similar properties, a comparison of per square foot values for similar properties, or a sales ratio study.

At the formal hearing, the district states its opinion of market value and supports its opinion of value with an explanation and justification of the appraisal model, the approach to value, and the data variables used in the model. Typically, the following evidence is also presented: summary sheet, a photograph of the residence (if available), a locational description, a comparable sales analysis, and any other pertinent data. At the formal hearing, the summary sheet a comparable sales analysis are most commonly presented as evidence in market value cases. In unequal appraisal cases the district presents at least one of the aforementioned forms of evidence required by Sec 41.43 (b) depending on which one is most appropriate in view of data availability and characteristics of the property being appealed. Generally, there are insufficient numbers of sales for the district to conduct a sales ratio study. Typically, the district presents a sample comparison of one or more of the following comparable in terms of size, quality of construction, age and condition, rent levels and size of units appropriately adjusted.

#### **Value Defense for Special Valuation Properties**

The informal value defense on a special use valuation properties relies upon a general explanation of the appraisal process set forth by the statuses. A fact sheet outlining the process is presented along with pertinent income, expense and cap rate data. For unequal protests, a preliminary comparison of values for similar properties may be used.

At the formal hearing, the district states its opinion of market value and supports its opinion of value with an explanation and justification of the appraisal model, the approach to value, and the data variables used in the model. At the formal hearing, the summary sheet a comparable sales analysis are most commonly presented as evidence in market value cases. In unequal appraisal cases, pursuant to Sec.41.43 (b) the district presents a per acre comparison of properties comparable in terms of land classes.

#### **Value Defense Special Inventory Residential Property**

The informal value defense on special inventory residential property generally relies upon a more detailed a complex explanation of the appraisal than other property types since these owners and their representatives are already knowledgeable about the appraisal process. The district's DCF analysis is reviewed with emphasis on lot process, expenses, absorption rates, discount rates as well as any cost or market data or other pertinent information. For unequal protests, a preliminary comparison of values for similar properties may be used.

At the formal hearing, the district states its opinion of market value and supports its opinion of value with an explanation and justification of the DCF analysis as well as presenting any other pertinent information. In unequal appraisal cases the district presents at least one of the aforementioned forms of evidence required by Sec. 41.43 (b) depending on which one is most appropriate in view of data availability and characteristics of the property being appealed. Comparison are made on the basis of one of the following units: per lot, per acre, per square foot, or per front ft.

#### **Value Defense for Business Personal Property**

The informal value defense on business personal property relies upon general explanation of the appraisal and the approach to value that is used. More detailed explanations of the variables used in the model may also be conducted. The cost approach is reviewed as well as any market sales data and other pertinent information. Generally, the districts explanation will focus on issues concerning RCN and the appropriate service life that should be assigned. For unequal protests, a preliminary comparison of values, in total or per square foot, for similar properties may be used. At the formal hearing, the district states its opinion of market value and supports its opinion of value with an explanation and justification of the appraisal model, the approach to value and the data variables used in the model. The districts cost approach is presented as well as any other pertinent data. In unequal appraisal cases the district presents at least one of the aforementioned forms of evidence required by Sec. 41.43 (b) depending on which one is most appropriate in view of data availability and characteristics of the property being appealed. Typically, the district presents a comparison, on a per square foot basis, of properties comparable in terms of use type, size, age and condition appropriately adjusted.

#### **Value Defense Industrial Personal Property**

The informal value defense on Industrial Real property generally relies upon applicable appraisal reports and research data applicable to the property. Any income and expense information derived from the market is accumulated and developed into charts containing general data. Equity evidence is generated by P&A using programs and tools it has developed to compare other properties to the subject property

At the formal hearing, the district states its opinion of market value and supports its opinion of value with applicable appraisal reports and research data applicable to the property. Any income and expense information derived from the market is accumulated and developed into charts containing general data. Equity evidence is generated by P & A using programs and tools it has developed to compare other properties to the subject property

#### **Value Defense Industrial Personal Property**

The informal value defense on industrial personal property generally relies upon appraisal reports generated by P&A's Industrial Personal Property System. Equity evidence consists of values and characteristics of comparable properties.

At the formal hearing, the district states its opinion of market value and supports its opinion of value with appraisal reports generated by P&A's Industrial Personal Property System. Equity evidence consists of values and characteristics of comparable properties.

#### **Value Defense for Utilities**

The informal value defense on utility properties generally involves presentation of sales data or data specific to the subject property. Income, expense and unit appraisal data (where applicable) are

reviewed and presented. Equity evidence is generated by P&A using programs and tools it has developed to compare other properties to the subject property.

At the formal hearing, the district states its opinion of market value and supports its opinion of value with a presentation of sales data or data specific to the subject property. Income, expense and unit appraisal data (where applicable) are reviewed and presented. Equity evidence is generated by P&A using programs and tools it has developed to compare other properties to the subject property.

### **Value Defense for Oil and Gas Properties**

The informal value defense on oil and gas properties typically relies upon a presentation of recent production and prices to compare with the actual income received by the owner. Income, expense and capital expense data are reviewed and presented if available.

At the formal hearing, P&A states its opinion of market value and supports its opinion of value through use of its MINARB procedure to generate copies of the appraisal reports and product pricing data.

### **Re- Inspection Zones for 2025**

#### **Zone #1** Burkeville ISD / Brookeland ISD / Newton ISD

- (1) Includes all properties south of Sabine County Line to FM 1415S
- (2) Includes all properties in Brookeland ISD
- (3) Includes properties south of County Road 2160 to Highway 190E

#### **Zone #2** City of Newton / Newton ISD

- (1) Includes all property in the City Limits of Newton
- (2) Includes some properties surrounding the City Limits of Newton

#### **Zone #3** Kirbyville ISD / Deweyville ISD

- (1) Includes all properties located in Kirbyville CISD
- (2) Includes all properties north of Deweyville

### **Re-inspection Zones for 2026**

#### **Zone #1** Burkeville ISD

- (1) Includes all properties in and surrounding Toledo Bend

#### **Zone #2** Newton ISD

- (1) Includes all properties south of Highway 190W to FM 1416

#### **Zone #3** Deweyville ISD

- (1) Includes all properties on south-end of Deweyville

## **CALENDAR OF KEY EVENTS IN APPRAISAL PROCESS FOR NEWTON CAD**

### **Date Activity**

August 1-15, 2024 Increment Tax year  
August 1-15, 2024 General staff meeting to review policies, procedures  
August 1-15, 2024 Generate and review final ratio studies  
August 15-31, 2024 Resume/continue sales data and property data collection  
August 15-31, 2024 Resume/continue sales analysis and ratio studies\*  
August 15-31, 2024 Resume/continue ownership and property updates\*  
August 15-31, 2024 Resume/continue business personal property listing-  
August 15-31, 2024 Resume/continue mapping updates\*  
August 15-31, 2024 Resume flagging resigns for exemptions and special  
August 15-31, 2024 Resume/continue all other data entry\*  
September 1-3, 2024 Change base year personal property depreciation  
September 1-3, 2024 Develop and test personal property depreciation table  
September 1-3, 2024 Finalize personal property depreciation table  
September 1-15, 2024 Complex property appraisers begin inspections  
September 15-30, 2024 Appraisers organize rechecks for new/demos/remodels  
September 15-30, 2024 Appraisers plan, organize routes and sequences for  
October 1-15, 2024 Staff meeting to discuss status  
October 1-15, 2024 Staff appraisers begin inspections  
November 1-15, 2024 Staff meeting to discuss status  
December 10- January 5, 2025 Mail mobile home park letters  
December 10-January 5, 2025 Personal property appraisers finalizes list for rendition  
December 10-January 5, 2025 Finalize list for exemptions and special use valuation  
December 20-January 10, 2025 Appraisers begin working January 1 status properties  
January 1-10, 2025 Change base year for depreciation table  
January 1-15, 2025 Staff meeting to discuss status  
January 2-10, 2025 Mail renditions-exemptions-ag-timber-abatements  
January 7, 2021-May 18, 2025 Process renditions  
January 7, 2021-April 30, 2025 Process exemptions and special use applications  
January 15-31, 2025 Perform January 1 data processing functions  
February 1-15, 2025 Begin working commercial vehicles  
February 15-18, 2025 Staff meeting to discuss status  
March 1-April 15, 2025 Perform sales analysis/ratio studies on acreage, lots  
March 1- April 15, 2025 Adjust land models (if necessary)  
March 1-April 15, 2025 Conduct additional ratio studies (if necessary)  
March 1-April 15, 2025 Conduct pilot study on acreage, lots subdivisions  
March 1-April 15, 2025 Finalize land models and enter schedules  
March 1-April 15, 2025 Calculate and enter Ag and timber values  
March 1-April 15, 2025 Perform sales analysis/ratio studies on residential/mh  
March 1-April 15, 2025 Develop RCN model for residential/mobile homes  
March 1-April 15, 2025 Develop depreciation model for residential/mobile home  
March 1-April 15, 2025 Develop market area adjustments for residential/mh

March 1-April 15, 2025 Conduct ratio study for residential/mobile homes  
 March 1-April 15, 2025 Adjust RCN and depreciation model for residential  
 March 1-April 15, 2025 Conduct additional ratio studies on residential/ mobile homes  
 March 1-April 15, 2025 Conduct pilot study on residential/ mobile homes  
 March 1-April 15, 2025 Finalize models for residential/mobile homes  
 March 1-April 15, 2025 Conduct Ratio Study on commercials  
 March 1-April 15, 2025 Develop RCN model for commercials  
 March 1-April 15, 2025 Review depreciation for commercials  
 March 1-April 15, 2025 Conduct ratio study on commercial property  
 March 1-April 15, 2025 Adjust RCN and depreciation for commercial property  
 March 1-April 15, 2025 Conduct additional ratio studies on commercial property  
 March 1-April 15, 2025 Finalize models for commercial property  
 March 1-April 15, 2025 Conduct and review final ratio studies on all property  
 March 1-April 15, 2025 Enter CAG values complex properties  
 March 15-18, 2025 Staff meeting to discuss status  
 April 1-15, 2025 Appraisers begin ag/timber field checks  
 April 15-20, 2025 All field work/re-inspections completed  
 April 15-20, 2025 Staff meeting to discuss status  
 April 20, 2025 Complete oil and gas notice file to print vendor  
 April 20, 2025 Staff meeting to discuss status  
 April 21, 2025 Send oil and gas notice file to print vendor  
 April 29, 2025 Stop data entry  
 April 29, 2025 Begin verifications, edit checks, notice selection and  
 April 29, 2025 Submit preliminary estimates of value to taxing units  
 May 1-15, 2025 Publish protest procedures  
 May 2, 2025 Mail notices of appraised value for oil and gas print  
 May 5, 2025 Send local notice file to print vendor  
 May 16, 2025 Submit USPAP Report  
 May 16, 2025 Mail notices of appraised value for locals-print vendor  
 May 16, 2025 Mail denial notices on exemptions and special use va  
 May 20-24, 2025 Perform verifications, edit checks, selection and proc  
 May 25, 2025 Mail BPP notices of appraised value- in house  
 May 30, 2025 Complex properties appraiser complete work  
 June 1, 2025 Mail notices of appraised value for complex properties  
 June 6, 2025 Submit appraisal records to ARB  
 June 16, 2025 ARB begins  
 July 20, 2025 ARB approves records  
 July 21-24, 2025 Perform verifications, edit checks, balance totals  
 July 25-2025 Certify values  
 \*Indicate ongoing activities conducted throughout the tax year

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December 10-January 5, 2026 Finalize list for exemptions and special use valuation  
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January 1-10, 2026 Change base year for depreciation table on residential  
January 1-15, 2026 Staff meeting to discuss status  
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January 6, 2011-May 18, 2026 Process Renditions  
January 6, 2011-April 30, 2026 Process exemption and special use applications  
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