

NEWTON CENTRAL APPRAISAL DISTRICT APPRAISAL PROCESS

Property Tax Administration

Texas property owners pay property taxes based on the market value of their property. This is referred to as “ad valorem” taxation, meaning “according to value”.

In order to employ a system of ad valorem taxation, two basic functions must take place. First, a taxable value for the property is determined each year. Secondly, local taxing jurisdictions such as cities, schools, counties, and other entities authorized to levy a property tax need to apply a tax rate to that value in order to calculate the amount of taxes owed for that year on that property.

In 1979, the Texas legislature created appraisal districts in each county. One of the primary roles of appraisal districts is to annually determine the market value of all properties within its county’s boundaries. Once established, these values are certified to the assessor/collector for each taxing jurisdiction in the form of an appraisal roll. At this point the assessor/collector submits the rolls to the governing body for each taxing jurisdiction as the tax roll. The taxing jurisdictions then use these appraisal rolls to calculate the tax bills to be sent to property owners.

Appraisal Districts

The Newton Central Appraisal District is administered by a chief appraiser who, assisted by his staff, oversees the day-to-day operations of the district. The function of the appraisal district is to appraise properties and administer exemptions.

Market Value

Appraisal districts follow the provisions of the Texas Property Tax Code. The Tax Code requires that unless otherwise provided, that all taxable property be appraised at its market value as of January 1st of that tax year. The Tax Code defines “market value” as:

“The price at which a property would transfer for cash or its equivalent under prevailing market conditions if: (a) exposed for sale in the open market with a reasonable time for the seller to find a purchaser; (b) both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and (c) both the seller and purchaser see to maximize their gains and neither is in a position to take advantage of the exigencies of the other.”

Exemptions

While they do not affect market value of the property, exemptions “exempt” or excuse a portion of the value of the property from taxation. Homestead exemptions apply only to the property owner’s principle residence. Homestead exemptions include a general homestead, over-65 homestead, disabled person homestead, and 100% disabled veteran’s exemption. More information regarding exemptions can be found at:
<http://www.window.state.tx.us/taxinfo/proptax/exemptions.html>

Notices

Reconciliation

The reconciliation process attempts to resolve differences in the results of the three approaches based on the reliability and credibility of the data. The reconciliation of the three approaches tends to be different depending on the type of property being appraised. A more detailed explanation of the valuation process of the four major property types (land, residential, commercial and business personal property) and the Texas property tax system can be found at: <http://www.window.state.tx.us/taxinfo/proptax/basics/96-1425.pdf>

Appeals

In Texas, property owners can protest, or appeal, any action taken by the appraisal district adversely affects the property owner. These protests are adjudicated by the Appraisal Review Board (ARB), a citizen's board, whose members are appointed to oversee the appraisal records and hear the protests and appeals.

Limitation on Value Increases

The appraised value of a homeowner's property which qualifies for the homestead exemption in the current and previous year may not increase more than 10% per year. Section 23.23(a) of the Property Tax Code sets a limit on the appraised value of a residence homestead stating that its appraised value for a tax year may not exceed the lesser of:

1. the market value of the property; or
2. the sum of:
 - a. 10% of the appraised value of the property for the last year;
 - b. the appraised value of the property for last year; and
 - c. the market value of all new improvements to the property.

A new improvement is an improvement to a residence homestead made after the most recent appraisal of the property that increases its market value and was not included in the appraised value of the property for the preceding tax year. It does not include repairs to or ordinary maintenance of an existing structure, the grounds or another feature of the property. A replacement structure for one that was rendered uninhabitable or unusable by a casualty or by wind or water damage is also not considered a new improvement if no significant changes are made to the size or quality from the original structure.

Contact Us

For more information, please review the District's website or contact the appraisal office.

Newton Central Appraisal District
109 Court Street
Newton, Texas 75966
(409) 379-3710
Office hours: 8:00 AM to 4:30 PM

Each year, typically beginning in August, NCAD's appraisers begin the data collection process. This is typically done using two methods. NCAD uses aerial photography flown in every odd-numbered year covering the entire appraisal district using orthographic (straight down) and oblique (45degree angle) photographs which are flown as near to January 1 as possible. Using these images, the appraiser can look at each structure and determine if it has changed or has been added as new or removed from the previous year. Properties that have changed are then corrected using on-site inspection. The appraisers inspect all properties by performing a visual inspection and taking pictures. Each property is inspected for a list of items that might affect the value of the property. Any properties that have changed are corrected. The appraisal district employees never ask to inspect the interior of the home. They are typically looking for changes to the size of the structures, quality of construction and physical condition. If an owner requests an interior inspection, the appraiser will accommodate the owner and perform the inspection.

Data Analysis

Utilizing the data collected the district then considers the characteristics of each property. These items include such things as its use, the site, zoning, any structures, and locational influences. The appraiser then considers three appraisal methods to determine market value. These methods are commonly referred to as the three approaches to value.

Sales Approach

In this approach, the district gathers sales information for various types of property throughout the district and compares the sales to the properties being appraised making necessary adjustments for differences. In this approach, it is most important to gather and verify enough sales data to represent the property being appraised.

Cost Approach

This method of appraising property is based on how much it would cost today to build an identical structure on the property. If not new, a determination of how much value the structure has lost over time (depreciation) must be made. This value is then added to the value of the vacant land.

Income Approach

This method is typically effective in appraising income producing properties. Using this approach, value is determined through an analysis of income and expenses attributable to the property to determine market value. Consideration is given for operating expenses, maintenance costs, and return (profit) that could reasonably be expected on the property.

Every year, as near as possible to April 1, the district delivers a "Notice of Appraised Value" to every property owner. This appraisal notice communicates to the property owner important information such as:

- the prior year's certified value,
- the current year's proposed value,
- any exemptions or special valuations granted, and
- the property owner's appeal deadline.

The notice of appraised value includes a protest form and information about how and when to file an appeal with the Appraisal Review Board if the property owner disagrees with the appraisal district's actions. The notice also includes other important pieces of information of interest to the property owner.

Laws and Regulations

The Texas Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. Newton Central Appraisal District procedures and board policies require the district to reappraise annually. In addition, Section 23.01 of the Property Tax Code requires that the District comply with the Uniform Standards of Professional Appraisal Practice if mass appraisal is used and that the same appraisal methods and techniques be used in appraising the same or similar kinds of property. Individual characteristics that affect the property's market value must be evaluated in determining the property's market value.

Valuation Process

Define the Problem

The assignment of the appraisal district is to develop annual valuations for every property located within the district at market value with the effective date of January 1st. The Property Tax Code instructs appraisal districts to use generally accepted appraisal methods when valuing property, but it also requires them to consider each property's "individual characteristics when determining the property's market value".

Project Plan

District appraisers must plan their work so that they can collect and analyze the characteristics of their assigned properties and their market areas within the time frame set out in the district's reappraisal plan. The reappraisal plan can be viewed on Orange County Appraisal District's website at www.NewtonCAD.org Generally, appraisers must allow enough time to inspect the properties, collect and analyze market data, and resolve any differences in the data prior to finalizing the proposed valuations necessary for the delivery of the Notices of Appraised Value.

Data Collection