

# **2011-2012**

# **REAPPRAISAL PLAN**

**CHEROKEE COUNTY APPRAISAL DISTRICT**  
**P.O. Box 494**  
**RUSK, TEXAS 75785**  
**903-683-2296**

**2010 - 2011**

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# **SECTION I**

## **INTRODUCTION**

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### **Introduction**

The Cherokee County Appraisal District (CCAD) has prepared this Plan in compliance with Sections 6.05 and 25.18 of the Texas Property Tax Code (TPTC). The Plan is developed with the intent to inform and educate the public and taxing authorities as to when and how the District conducts reappraisal operations. It is the intent of this document to illustrate not only when we will be in your area, but also to explain the methods we use in performing appraisals. This Plan has been adopted by the CCAD Board of Directors following input from a public hearing on September 23, 2010. While the Board has no input on valuation issues, the Texas Legislature mandated approval of this Plan by the Board. While we realize that this mandate appears to blur the lines of political influence on values, you should be aware that valuation issues are the strict responsibility of the Chief Appraiser. The Board of Directors, taxing unit governing bodies nor the Texas Legislature have any legal authority or input over valuation efforts.

### **Historical Background**

The appraisal district concept was created by Legislative mandate in 1979 to address inequities in the ad valorem tax process. The appraisal district is supposed to provide neutral ground between taxing authorities and property owners. The Legislature set districts up in a manner that insulates the chief appraiser from outside political influences, whether those influences be from voters or from jurisdictions. In this manner, the mandate of appraisal districts can be carried out in a fair and uniform way.

Appraisal district operations and valuations are the responsibility of the Chief Appraiser who is appointed by the Board of Directors. Directors are elected to serve by the various taxing jurisdictions that participate in the CAD. The Board has the following duties:

1. establish an office
2. adopt annual budgets
3. contract for services
4. hire a chief appraiser
5. appoint appraisal review board members
6. provide advice and consent for agriculture advisory board members
7. make general office operation policy
8. develop and approve a biennial reappraisal plan

More information on Board responsibilities may be found in the *Comptroller's Appraisal District Director's Manual*.

Appraisal Districts are charged with the equal and uniform appraisal of all taxable property in the State as of January 1<sup>st</sup> of each year. By statute, all property is taxable per Section 23.01(a) TPTC unless specifically exempted from taxation. In general, governmental property and personal property not generating income are exempt from property taxation.

Appraisals are mandated to be at market value as of January 1<sup>st</sup>. The TPTC defines market value in Section 1.04(7) as:

"Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

All property is examined and set with the market value goal in mind. However, there are also other provisions of the TPTC that allow for "special use" appraisals. These most commonly are lands in some type of agricultural production. Additionally, the Texas Constitution along with the TPTC allow for several partial and complete exemptions that are offered in certain cases such as charitable organizations, homesteads and disabled veterans. For more information on these types of exemptions you can contact CCAD or the Texas State Comptrollers Property Tax Division Technical Assistance Department at 800-252-9121. Information can also be found in the Taxpayer Rights and Remedies brochure at the CAD or in Chapter 11 of the TPTC. Brochures on these and other topics drafted by CCAD are also available at our office.

The Plan that follows will be segmented into several primary categories by type of property. Within each section we will provide detail concerning the when, why and how relating to appraisal and reappraisal activities performed by CCAD. Please remember that you can always contact us Monday through Friday during regular business hours if you have any questions, comments or concerns.

## **SECTION II**

### **REAL ESTATE PROPERTY**

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#### **Reappraisal Activities**

##### **General Discussion**

When CCAD conducts a reappraisal sweep, we do this in two distinctly different ways. First, we have field appraisers that do come out and visit each property. Often times we have folks that say we have never been to their place. But in reality, we are out there during business hours when most people are at work themselves.

We try to schedule our mass reappraisal activities in a way that provides for roughly one third of properties to be inspected each year. How do we perform the field work? In the past, we have had specific jurisdictions assigned to specific appraisers. The appraiser was responsible for all field work, special use appraisals and protests for their area. However, in 2005 the protocol changed. Today, when we perform area reappraisals, our entire appraisal staff is dispatched to the area. In most cases, appraisers will work in teams of two. We knock on doors to announce our presence. Our inspection will consist of a complete 'walk around' of structures, when physically possible, looking for physical conditions that impact depreciation and quality classification. The 'walk around' also allows us to check our measurement data and amenity make up of the property. Amenities are open decks and porches to name a few. We also take a digital photograph of the property. **YOU SHOULD BE AWARE THAT AT NO TIME WILL A CCAD APPRAISER ASK TO ENTER A STRUCTURE.** We conduct all inspections from the exterior. Also, pursuant to state law, photographs and drawings of residential properties are prohibited from being posted on the internet. Appraisers may also inspect specific properties upon request of the property owner, appraisal staff or tax collection authorities. In these cases, the inspection is typically the same.

CCAD also performs reappraisals by statistical analysis on an annual basis. This means that we are looking at prices of sold property and comparing that data against our appraisal models to see how we need to adjust our appraisals. In this manner, technically speaking, each property under our jurisdictional area of responsibility is reappraised each and every year. A more detailed explanation of our modeling efforts will be discussed later in this document.

##### **Current Status and Goals**

In planning and conducting our reappraisal, we look at several issues. To begin, we need to examine where we are at the current time. We look at what areas we have inspected and we look at sections of the appraisal model that exhibit a need for re-inspection. As of the draft of this document, we have mass inspected the following jurisdictions:

Fall 2008- Spring 2009: Lake Jacksonville, Lake Stryker and Rural Rusk ISD

Fall 2009- Spring 2010: Alto ISD, Wells ISD and the City of Rusk

Resources

To accomplish the goal of re-inspection, we maintain a staff of 15.5 full time employees working toward the mandates set out by the TPTC and goals set by CCAD management. The one half of one employee is a position that works six months of the year in our appraisal division and six months in our tax collection division. The following describes our staffing resources by department:

<u>Department</u>	<u># Fulltime Employees</u>
Data Entry/Records	3.5
Deeds and Mapping	3
Office Support	2
Appraisal	5
Executive	2

By Statute, each appraiser must be certified or be in the process of being certified by the Texas Department of Licensing and Regulation (TDLR) in order to hold a license for ad valorem appraisal. The final designation for appraisers by the TDLR is that of Registered Professional Appraiser (RPA). This designation is legal for only ad valorem appraisal work and may not be used for independent appraisals.

To obtain and hold a license, each appraiser is required to complete the education courses set out by the TDLR and the State Comptroller’s Office. At the time of this printing, these courses culminate in two State administered license exams; a four hour Level III Exam and an eight hour Level IV Exam. Successful completion of these courses and exams are mandatory for employment. Five years of appraisal experience is required prior to being issued a RPA license. Once the RPA designation has been obtained, appraisers are required to have 75 hours of continuing education (CE) every five years, as well as, complete mandatory USPAP and ethics courses in that same time period. Currently, our appraisal staff is made up of the following categories:

<u>Position</u>	<u>BTPE Ranking</u>
Chief Appraiser	RPA
Deputy Chief Appraiser	RPA
Appraisal Supervisor	III
Senior Appraiser	RPA
Field Appraiser	III
Field Appraiser	III
Field Appraiser	II

In addition to staff, in order to complete a reappraisal, we must have sufficient ‘in office’ resources. One of those resources is the task of budgeting adequate funds to accommodate this effort. Additionally, we need an adequate system to retain and use the data collected in the field. To this end, we use a state of art computer assessment and mass appraisal (CAMA) software provided by True Automation, Inc. from Plano, Texas. In order to locate and identify property, we have purchased 2009 digital infrared orthographic quarter quad aerial photographs from the Texas Forest Service. Supplementing this are

county block maps that are maintained by our Deeds and Mapping Department and are constantly updated with current deed information and parcel boundaries given to us by the Cherokee County Clerks Office. Finally, transportation to and from the field is the responsibility of each appraiser. Appraisers use their own vehicles for field work and are compensated for that use with a set monthly allowance.

Schedule of Work

Field activity takes place in the fall, winter and early spring of each year. Because our work encompasses two calendar years at a time, actual field inspections for a tax year begin in the fall of the year prior and run into early spring of the year in question. In this manner we intend to complete mass reappraisal field inspections of real estate by the following time table:

2010	8/9 - 8/27	Bullard ISD
2010	9/1 - 9/20	Lake Palestine
2010	9/27 - 10/29	Troup ISD/ Carlisle ISD
2010	11/1 - 11/30	New Summerfield ISD
2010-11	12/1 - 2/28	Countywide Upkeep
2011	3/1 - 4/15	Model Calibration
2011	8/15 - 9/30	City of Jacksonville
2011	10/1 - 11/30	Rural Jacksonville ISD
2011-12	12/1 - 2/1	Countywide Upkeep
2012	2/2 - 3/1	Rural Jacksonville ISD
2012	3/2 - 4/15	Model Calibration

Appraisal management will determine the actual starting locations of each area and the sequential manner of work flow within each area. Appraisers will work closely with employees of the Data Entry/Records Department to coordinate the timely printing of property record cards (PRC) and pulling of necessary maps and files for field use. They will also coordinate the after-inspection work flow of making data changes to the CAMA system and filing property folders. All field activity is specifically directed by the Appraisal Supervisor and monitored by the Deputy Chief Appraiser. Specific data accumulation goals are set each year by appraisal management after reviewing the needs of the statistical model and CAMA capabilities.

As mentioned earlier, field staff will also make individual inspections during this time at the request of property owners, tax collectors or appraisal management. Additionally, they will inspect property as a result of mechanic liens, building permits or special use applications.

In terms of statistical modeling, as pointed out earlier, we will continue to examine all properties on an annual basis to ascertain the necessary adjustments to maintain market value. This is accomplished using various software applications such as Microsoft Excel and Access, SQL Query Analyzer and the Property Appraisal/Collection Software (PACS) provided by True Automation, Inc. Statistical modeling is primarily performed by the Chief Appraiser with assistance from the Deputy Chief and Appraisal Supervisor.

## Data Collection and Types

### Types of Data

The primary foundation of mass appraisal is comprised of the type and quality of data that is accumulated and studied. Without the proper types of data, we would not be able to produce the mandated appraisals. We collect data that helps us categorize each property by type, location, quality and condition. The starting point for our data comes from ownership deeds and baseline map data of roadways, easements and various jurisdictional boundaries. Each deed describes a particular piece of property in terms of ownership, location, property line boundaries and thereby size of the property. The deed also provides us with the mailing address of relevant parties. **If your address is different from the address shown on your deed, it is your responsibility to contact the CAD in writing to update your information.** Otherwise, the deed address is the only address available to us for delivery of statutory notices and tax statements. Ownership and boundary information is distilled into three primary sources; County Block Maps, the digital Geographic Information System (GIS) and the PACS CAMA software which provide the basis for your tax account.

Once these records have been created with ownership and boundary information, it is the job of the appraisal department to assist in determining values for land and structures. There are several factors that are accumulated for each different category of real estate. The following is a partial list collected data.

**Location** is as important to the appraisal process as the old real estate adage of “location, location, location”. We use data about the location of each property to determine how best to group together properties into homogenous neighborhoods. The most prevalent type of location grouping is defined by school district boundary for non-municipal property or city limit lines for municipal property. Further neighborhood dissection is based upon subdivision boundary or appraiser determined boundary by street and city block.

**Unit Size of Land** is derived from our maps. Depending on the location, use and category of property, the unit of measure will vary from acreage, square footage, front footage or by whole lot pricing.

**Unit Size of a Structure** most typically is square footage based upon exterior measurements. There are instances however when cubic measurements may be employed when dealing with warehousing or silo storage space.

**Quality of a Structure** will be examined by observation of building materials and quality of workmanship in the construction. Quality is not affected by age or condition. Typically, CCAD uses the categories of Poor, Fair, Average, Good, Very Good and Excellent in its breakdown for quality of residential structures. Commercial structures are divided into Fair, Average and Good categories.

**Type of Structure** relates to the type of construction used in the load bearing walls. Residential structures are divided into Frame for stud wall, frame exterior siding

construction and Brick Veneer for stud wall, brick exterior siding. Currently, CCAD groups steel stud walls and log houses with the Frame category and pure masonry walls with the Brick Veneer category. Commercial structures are grouped into three categories, steel, frame and masonry.

**Type of Amenities** for a structure has to do with the additives that are a part of the structure but not part of the heated and cooled area. These would be items such as porches, pools, fireplaces, decks, garages etc.

**Features** are related to structural components like pier and beam or floating slab concrete foundations, hip or gable roof structures, asphalt or metal roof covering etc.

**Sales information** for real estate properties is gathered by letters sent to both buyer and seller by our Deeds/Mapping Department after processing a deed. CCAD also acquires data from real estate professionals and the Comptroller's Property Tax Division (PTD).

Some types of datum are relevant to only land:

**Pricing size** is a function of land area and has to do with the aggregate size of individual contiguous parcels. Two smaller tracts, owned by the same owner that touch one another will be treated as one tract for valuation purposes. In this manner, a five acre tract and a ten acre tract will be priced as a fifteen acre tract even though each has its own account. The term commonly used for pricing size is 'pricing acreage' or 'pricing square footage'.

**Type of Access** is a key location subcomponent of rural land valuation. Parcels may be located in the same area or neighborhood but have significantly different methods of physical access. One may be on the highway and one may be at the end of a dirt road. For these properties, CCAD segregates parcels by landlocked, highway, paved, or dirt road access.

**Legal Features** of properties are not a direct component of the mass modeling process at this time. These features would be zoning requirements, deed restrictions etc. Typically, these factors may be considered to some extent by classification (landlocked land for instance) within the model. For all other issues, appraisers make individual adjustments on a case by case basis.

**Productive Land Features** vary from open space pasture or cropland to different features for timberland. These features will be discussed further in the section on timber modeling.

### **Collection and Retention**

Appraisers are trained to collect the necessary data used to build an accurate real estate file and appraisal model. The collection of data usually occurs in the field during inspection but can also take place during formal or informal meetings with property owners. Data is noted on the PRC with digital photographs captured on internal memory or integrated memory stick. Appraisers download and attach photographs to applicable accounts using the PACS software via a USB port. All other data is entered into PACS by the Data Entry/Records

Department. After the noted changes are entered, the PRC is filed in a folder for that specific parcel. Files are organized sequentially by geographic identification number and located in the main area of the office.

The information loaded into PACS is readily available to appraisers via printed PRC or by computer access. Once a month, the PACS database is updated to appear on our website at [www.cherokeecad.com](http://www.cherokeecad.com). This website is hosted by True Automation, Inc.

## Markets and Models

### General Discussion

Market areas allow for properties in different economic areas to be grouped into homogenous cross sections. Models are computerized mathematical constructions that allow the CAD to value thousands of properties in mass each year. Using these methods, high value areas are not linked to lower value areas in the model. In its basic form, the formula for the market valuation model is as follows:

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

Where MV = Market Value; LV = Land Value; RCN = Reconstruction Cost New; AD = Accumulated Depreciation from all sources of depreciation or obsolescence.

Because market areas and modeling structures are modestly different for each category of real estate, we will divide this discussion into sections for residential structures and land (which includes rural land), commercial structures and land, and then a brief section on the productive model for timber.

### Highest and Best Use Analysis

For each category of real estate we will discuss, 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, legally and financially feasible, and productive to maximization of value. The highest and best use of residential property is normally its current use. This is due in part to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential Valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas, the appraiser must determine the most typical use for property each year by examining the use of recently sold property in that area. Similarly, in mixed areas, the appraiser looks for boundaries created by zoning or recent market sales to determine the highest and best use for that area. **However, in 2009, the voters of Texas authorized a Constitutional Amendment that requires *homesteaded* residential property to be appraised based upon residential highest and best use regardless of actual highest and best use. This will impact appraisals in transition or non-residential areas as of 1/1/2010.**

## **Residential and Rural Land:**

### *Neighborhood and Market Analysis*

The identification of residential and rural neighborhoods can be divided into two categories for Cherokee County: municipal neighborhoods and rural neighborhoods. In each case, the appraiser attempts to localize neighborhoods by geographic boundaries. The determination of what makes a neighborhood comes from physical inspection and accumulated economic and sales information.

In determining municipal neighborhoods, the appraiser looks for areas of homogenous property. During this examination, physical factors such as maintenance and upkeep of homes and vacant tracts are considered. Conversely, rural neighborhoods are determined in large part on the examination of sales prices as compared with other areas within a geopolitical boundary. For example, a particular area in a rural setting may exhibit higher sales prices for improved and vacant property as compared to other areas within a school district that have a similar composition of property types. Municipal neighborhoods are classified with Low, Fair, Average and Good codes while rural neighborhoods are classified with alphanumeric identifiers.

Micro-neighborhoods are also a part of the municipal neighborhood model. Within any particular neighborhood there can exist areas where the market is recognizing a discount or premium as compared with similar areas. In these instances, the appraiser still maintains the Low, Fair, Average or Good neighborhood classification but also adds a second identifier for the micro-area. Micro-neighborhoods are defined in large part by plotting sales activities geographically and using this geographical tool to identify these areas. In each instance, the second identifier contains a percentage adjustment. This adjustment modifies the properties as a discount or premium off of the baseline schedule.

### *Description of Residential Improvement Model*

The modeling techniques used by the Cherokee County Appraisal District allow for specific adjustment to each category of property in the county. To begin, each site built improved residence is classified based upon type of exterior siding. Properties with brick-veneer are classified as type "M" property. Properties with frame, vinyl, aluminum, log or other non-brick sidings are classified as type "F" property. Currently, metal sided structures are also classified as type "F". There are also properties with mixed siding composition. For example, a home may only have a brick veneer front with frame siding on the remainder of the house. In this case, the appraiser must make a determination of the predominate siding when classifying the property.

Each type of property as described above is further assigned a numeric code that corresponds to the quality of construction of the improvement. Coding for quality is defined by the following table:

<u>Quality Code</u>	<u>Description of Quality</u>
1	Substandard
2	Low
3	Fair
4	Average
5	Good
6	Very Good
7	Excellent

Further, the model provides for 'half' classes for each breakdown denoted as "+". The 'half' classification is used when an appraiser determines that a particular property is somewhat better quality than a category but not the quality of the next higher classification. For example, an improvement may be better than fair but not quite average in quality. In this instance, the appraiser would assign a Fair + or "3+" code. These numeric codes are appended to the "F" or "M" code. For example, a brick veneer, good quality plus home would have a code of "M5+".

Following the description of siding type and quality, each code is further delineated by a neighborhood location code. These codes differ for municipal, rural subdivision, lake property and rural properties. For municipal property, the alpha initial of the city is first used followed by the alpha code for the type of neighborhood. For example, an average neighborhood in the City of Jacksonville would be "JA". This also denotes a municipal improvement on a lot less than one acre. For municipal improvements on lots over one acre, an additional "A" for acreage is added to the coding. For example, an average neighborhood in the City of Jacksonville would be "JAA". This additional acreage delineation only applies to municipal schedules. Lake subdivisions are identified by an "L" and a numeric code corresponding to the particular lake as set out below:

<u>Code</u>	<u>Lake Description</u>
L1	Lake Jacksonville
L2	Lake Striker
L3	Lake Palestine

Rural subdivisions are identified by the alpha code for the school district followed by an "RS" for rural subdivision then an alpha indicator for Low, Fair, Average or Good neighborhood. In this scheme, a fair quality rural subdivision in Wells ISD would be "WRSF" for Wells Rural Subdivision Fair. Rural properties are classified based upon the type of road access as set out in this table:

<u>Access Code</u>	<u>Access Description</u>
H	State Highway
P	Paved County Road or F.M.
D	Dirt Road
L	Land Locked

Following the Access Code is the numeric indicator for the school district:

<u>School Code</u>	<u>School</u>
08	Wells
21	Alto
23	Bullard
15	Rusk
42	New Summerfield
46	Jacksonville
62	Carlisle
81	Troup

Therefore, a rural improvement in Alto ISD on a dirt road would have a code of “D21”. There is one exception to this rule in Jacksonville ISD. There is a particular code for certain properties that are not in the city limits of Jacksonville but immediately adjacent to the city. This is a type of buffer zone between municipal and rural. This area has a numerical code of “76”.

These location codes are appended to the type and quality code and separated by a dash “-”. The following table contains some examples of residential coding:

<u>Code</u>	<u>Description</u>
F5-RG	Good Quality Frame Exterior Residence in a Good Neighborhood in the City of Rusk
M3+-JFA	Fair Plus Quality Brick Veneer Exterior Residence in a Fair Neighborhood in the City of Jacksonville on more than one acre
F4-ARSA	Average Quality Frame Exterior Residence in an Average Rural Subdivision in Alto ISD
M4-P46	Average Quality Brick Veneer Exterior Residence on a Paved Road in Rural Jacksonville ISD
F3-L1	Fair Quality Frame Exterior Residence on Lake Jacksonville

Each combination is tied to a specific table of value for that code. These tables are referred to by the Cherokee County Appraisal District as “improvement schedules”. Each schedule contains a value per square foot of living area for individual stratum of square footage. In this manner, the district is able to modify only schedules for a select group of properties if desired. The down side to this approach is that the district must track and maintain several hundred different schedules.

In addition to the base residential schedules, there are also separate schedules for features and amenities for residential property. These would include items such as porches, decks, attached and detached garages or carports, fireplaces or central heat/air. In most of these cases, the schedule calls for a ‘percentage of base’ approach to value. For example, a porch would be calculated as 20% of the base schedule square footage price. So if a 1,200 square foot F3-D15 called for \$48.09, porches for that improvement would be based on 20% of \$48.09 or \$9.62 per square foot before depreciation. However, for fireplaces, central

heat/air and swimming pools, the schedules call for flat pricing. Fireplaces and pools are set at a certain total dollar amount, while central heat/air is set at a price per square foot of living area.

### Description of Residential and Rural Land Models

Land modeling for the District's residential areas can be divided into categories similar to the neighborhood description just discussed. Land is coded for municipal, rural subdivision, lake lots and for rural land in general. Land is valued primarily based upon acreage or square footage of the lot or tract. However, there are cases in the model where front footage or flat value per lot is utilized.

For municipal residential property, land is coded to in the same manner as the neighborhood extension on the improvement code. Neighborhoods are classified Low, Fair, Average and Good with the respective classification preceded by the alpha code for the particular city. For example, "JF" would indicate a lot, less than one acre, in a fair neighborhood in the City of Jacksonville. As was discussed earlier, adding an "A" to the end of that code would denote a schedule for municipal lots over one acre. For the same example, "JFA" would indicate a lot over one acre located in a fair neighborhood in the City of Jacksonville.

Rural subdivisions follow the same naming convention discussed in the improvement section. The land table for a rural subdivision would begin with the alpha code for the school, followed by "RS" for rural subdivision followed by the alpha code for low, fair, average or good neighborhood. For example, "BRSG" would indicate a land schedule for a good quality rural subdivision in Bullard ISD.

Lake lots are somewhat different in style than their improvement counterparts. Most lake lots are valued based upon the amount of usable water front. When we consider "usable" we are trying to exclude narrow insets and outcroppings that tend to come with water front lots. This exclusion can also be used in the upper ends of inlets in the lake that never have usable water. We do not consider "unusable" in instances where water levels are seasonally low. In other words, a lot that has usable water front when lake levels are normal will be considered water front regardless of low water level. For these schedules, the coding begins with "WF" for 'water front' followed by the lake code as shown previously. These two codes are separated by a dash (-). For example, "WF-L2" means a water frontage schedule for a lot on Lake Stryker.

The method of water front property just discussed is slightly different on Lake Jacksonville. For this market area, the District has added two components to the model described above. First, lots on Lake Jacksonville are segmented into Good, Average and Fair water areas based upon water access, view and location. In this manner, the letters "G", "A" and "F" are added to the above coding example. For instance, WF\_L1G denotes a Lake Jacksonville good water front lot. Second, for the extreme northern areas of the Lake, the District has added the distinction of "water view" to water front lots that have less than desirable water access but do have water front view. Currently, the only class established for this purpose is coded as WV\_L1A.

Rural land follows the style of rural improvements. The type of access available to the property is coded first (Land Locked, Dirt, Paved or Highway) followed by the numerical code for the school district. The same exception exists here as in the improvement codes for property not in the City of Jacksonville but immediately adjacent to. This area is numerically coded "76". Some examples of these codes would be "P23" for land on a paved road in Bullard ISD or "H76" for land on a highway in the buffer zone surrounding the City of Jacksonville.

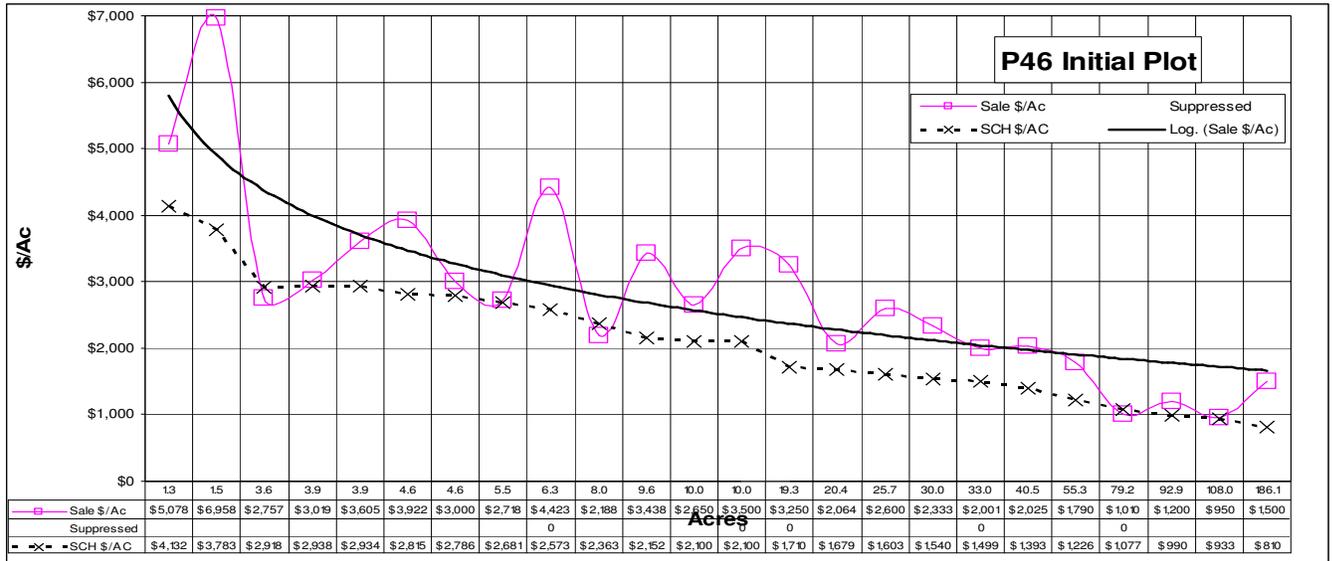
Finally, all land is valued based upon the total size of all contiguously controlled tracts of a particular owner. In other words, a person who owns three pieces of property that touch is valued on each individual tract as though it were one tract of the combined size. Consider a person who owns 5 acre, 15 acre and 10 acre tracts. That person would be valued as though all contiguous tracts were combined into one for valuation purposes. In this example, each tract would be valued per acre as though it were one thirty acre tract. This is known as "pricing acres" or "pricing square footage."

### Model Calibration

Each year, the Cherokee County Appraisal District analyzes sold property as compared to the appraised value of that particular property. The calibration of the model begins here and progresses in two different stages. Land calibration first and followed by improvement calibration.

### Land Model Calibration

The first stage in the residential calibration process is to analyze and calibrate all land schedules. This step also sets and calibrates all vacant lots and tracts. Tract and lot sales are obtained through the various means discussed in the section titled "Types of Data". This information is then analyzed by segregating the various sales into their respective categories identified by the land schedule code for that sold property. For each category that has sufficient sales information, the sales are checked to confirm the total number of acres or square footage involved in the transaction. The sales price is then divided by the pricing size to arrive at a price per unit. These prices per unit are then arrayed in ascending size and plotted graphically. In this manner, the District has a picture of price per unit plotted against size for a class. In addition to the graph line for sales, the District plots a logarithmic trend line for sales. Over this graph, the District superimposes a graph of appraised value per unit for that particular class as determined by the current class schedule. Using the sales and the sales trend line as compared to the line for the appraisal schedule allows the district to move the appraisal plot in a manner that best fits the sales data. The following is an example of a graphical plot:



Moving the appraisal plot to best fit the sales and sales trend lines will give the district the information needed to adjust the underlying schedule. Calibrating the schedule will result in all properties being revalued for that particular classification of land. In this manner, sold and unsold properties are all reappraised.

Typically, there are never enough sales in each different classification of property to perform the above mentioned process. In these instances, the District will adjust schedules lacking sufficient sales information based upon the adjustments of classifications with sales. For example, if there were sufficient sales to perform an analysis of paved access land in rural Jacksonville ISD (P46) but not enough sales for H46 or D46, the District would use the calibrated P46 schedule as a benchmark and adjust H46 and D46 up or down accordingly. The same is also true of school districts that lack sales activity. Often times, an entire school district market area has a low sales volume thus prohibiting a sales analysis. These school districts will be adjusted based upon the activity of neighboring schools. The calibration of schedules or schools with low sales volume based upon similar schedules or schools is referred to by the District as “blending”. When blending schedules or schools, the district recognizes that there exists a certain difference between schedules or areas. For example, the district recognizes that property in Wells ISD is not the same as property in Rusk or Jacksonville ISD’s. Additionally, land locked land is not worth the same as land with highway access. A premium or discount is employed when blending. Consideration is given to the schedules or schools with the most sales volume and further consideration is given as to how other schedules or schools compare to them. The level of premium or discount is sought from what sales are available in the low volume areas complemented with appraisal experience and judgment.

Once this process is completed for a market area and all relevant schedules calibrated, the CAMA system is recalculated in order to update all relevant parcels with the new appraisal data. Sales ratio reports are again pulled and the sold properties appraised value per unit is double checked against the predicted outcome from the sales plotting discussed above. Attention is also given to the relative change in appraised value for all properties as compared against the percentage change invoked in the calibration process. This allows the district to identify properties or schedules of property that did not change in the manner

anticipated by the calibration process. When these tasks are complete, the CAMA system is ready with reappraised land values and therefore ready for the next step which is the calibration of residential improvements.

### Improvement Model Calibration

The second stage in the residential calibration process is to analyze and calibrate all improvement schedules. Following the same procedures for data collection and segregation as outlined above, the improvement calibration process analyzes sales ratios by property classification. The sales ratio is found by the following formula:

$$100 * (\text{Appraised Market Value} \div \text{Sales Price}) = \text{Sales Ratio} \%$$

The sales ratio measures the level of appraised market value against a known sales price on a particular parcel of property. Ratios under 100% indicate sold property that is under appraised. Ratios over 100% indicate sold property that is over appraised. The sales ratio is the first step in the analytical process.

Sales ratios are examined by improvement classification. For example, the district will look at all sales ratios for average quality brick veneer homes in an average neighborhood in the City of Rusk (M4-RA). This task is performed for all classifications of sold property. Greater weight is given to those classifications of property that possess adequate numbers of sales for analysis. As this process proceeds, the district will examine those classifications for the influence of several factors such as physical condition, time of sale, size of living area and neighborhood making adjustments as necessary to the analysis. After analyzing and adjusting the sales ratios for these factors, the district calculates a weighted mean ratio for that classification found by the following formula:

$$100 * (\sum \text{Appraised Market Values} \div \sum \text{Sales Prices}) = \text{Weighted Sales Ratio} \%$$

The district also calculates a Coefficient of Dispersion (COD) for that sample by the following formula:

$$(\text{Average Absolute Deviation} \div \text{Median Sales Ratio}) 100 = \text{COD}$$

The average absolute deviation is the mathematical average of the absolute value of the differences between the sales ratio on each parcel as compared to the median ratio for that sample. The COD is used to measure uniformity while the weighted mean ratio is used to measure level of appraisal. The District utilizes these two measurements when analyzing what classifications to use as baseline schedules. Baseline schedules will determine how other schedules that lack adequate sales information are modified. This is also a blending process as described in the section for land calibration. Blending in the improvement sense will include differing classes of quality, exterior type and neighborhood. The appraiser uses market data and appraisal judgment to apply discount or premium factors to the baseline schedule when adjusting non-baseline schedules.

### Performance Testing and Retention

Once all schedules are calibrated and the data entered into the CAMA system, the system is recalculated and sales ratio reports are pulled again for the purpose of seeing how the changes actually affected the system. Modifications to schedule, area or neighborhood factors are examined at this point. Following these adjustments, the district combines all sales ratios for improved property in order to analyze the overall weighted mean ratio and COD. Overall statistics will also be calculated on neighborhood and other market area levels.

The final step in performance analysis is performed by the appraisal staff. Each year following the final phases of calibration, spreadsheets are compiled by school district and sorted based on market percentage and dollar change, appraised value percentage and dollar change, gross market value and by name. The appraisal staff analyzes these spreadsheets to look for any outliers or undesirable trends in the data. Issues are identified, discussed and a remedy is decided upon by appraisal management.

After these items are completed, according to Section 25.19 TPTC, notices are sent to new owners, owners who rendered and who requested a notice and owners with a specified amount of value change from the previous year. It is the responsibility of each property owner to review that notice and notify the CAD of any discrepancies.

## **Commercial Improvements and Land:**

### Market Analysis

The identification of market areas typically consists of examining the primary commercial market areas as defined by municipal boundaries. However, the use of other geographic boundaries in certain areas of the county is also utilized.

In determining market areas, the appraiser examines market sales activity. During this examination, physical factors such as maintenance and upkeep of property and vacant tracts are considered. Municipal market areas are classified with Low, Fair, Average and Good codes.

Micro-areas are also a part of municipal market areas. Within any particular area there can exist niches where the market is recognizing a discount or premium as compared with similar areas. In these instances, the appraiser still maintains the Low, Fair, Average or Good market area classification but also adds a second identifier for the micro-area. Micro-areas are defined in large part by plotting sales activities geographically and using this geographical tool to identify these areas. In each instance, the second identifier contains a percentage adjustment. This adjustment modifies the properties as a discount or premium off of the baseline schedule.

### Description of Commercial Improvement Model

The modeling techniques used by the Cherokee County Appraisal District allow for specific adjustment for each category of property in the county. Commercial classifications roughly

follow those set out in the Marshall and Swift Valuation Guide. In 2005, the district attempted to move from a strict numerical classification system with quality grades, to a more descriptive classification code. This move was abbreviated in its implementation due to software restrictions. Because of this, some of the new codes do exist along with the old numeric codes for this year. A brief discussion of both systems is in order.

The numeric classification is the loose result of matching the class to the particular Marshall and Swift section number. While this is predominately accurate to the section number, there are also exceptions to the rule. Following the numeric code, the classification was divided into the type of construction: steel, concrete or wood as noted here:

<u>Construction Code</u>	<u>Description of Construction Code</u>
C	Concrete
D	Wood
S	Steel

Further, the classification is divided into quality groups of good, average and low:

<u>Quality Code</u>	<u>Description of Quality Code</u>
G	Good
A	Average
L	Low

Utilizing this system yields classifications such as:

<u>Commercial Code</u>	<u>Description of Code</u>
10SA	Warehouse Steel Average Quality
21DG	Office Wood Good Quality
62CL	Concrete Low Quality

The District attempted to move from the non-descriptive numeric system to a more descriptive alpha system. In most cases, the District used the first several letters in a class description as the code. The reasoning was to create a code that more easily described the type of structure. For example:

<u>New Code</u>	<u>Code Description</u>
BASMNT	Basement
DEPT_STR	Department Store
DISP	Dispensary
REST_FF	Restaurant – Fast Food

The new codes were not divided into construction type or quality. Each new classification schedule represented the benchmark or median value for that particular structure group. It was intended to use certain new software capabilities to further differentiate the median value for quality and type factors. This software function was not put in place in time for a

complete conversion to the new system. Therefore, this will limit the discussion on the new classification codes.

Finally, it is important to note that no market area extensions are present with commercial coding. Instead, all improved commercial property is based upon the same schedule. To differentiate for market areas, the only factor used is a 95% good factor on all commercial property outside of the City of Jacksonville.

Each code combination is tied to a specific table of value for that code. These tables are referred to by the Cherokee County Appraisal District as “improvement schedules”. Each schedule contains a value per square foot of main improvement area. In this manner, the district is able to modify only schedules for a select group of properties if desired. The down side to this approach is that the district must track and maintain several different schedules.

### *Description of Land Model*

Land modeling for the district’s commercial areas can be divided into categories similar to the residential neighborhooding shown previously in the Residential section. Market areas are defined as good, average, fair and low for the City of Jacksonville. For other cities, the areas are not divided into market areas. In these areas, commercial property is fairly homogenous throughout the municipality and does not warrant different market areas.

City of Jacksonville codes begin with “JC” followed by the market area code for good (G), average (A), fair (F) and low (L). If a particular account is more than one acre, an additional “A” is attached to the end of the code. Therefore, “JCG” would be Jacksonville Commercial Good while “JCFA” would be Jacksonville Commercial Fair Acreage for an account in excess of one acre.

The cities of Rusk, Troup, Alto and Wells have a different composition, beginning with the first letter of the city, followed by “CM1”. An “A” is appended for parcels over one acre. In this manner, “WCM1” is commercial land in the City of Wells under one acre while “TCM1A” would be commercial land over one acre in the City of Troup.

Finally, all land is valued based upon the total size of all contiguously controlled tracts of a particular owner. In other words, a person who owns several contiguous lots in a city block is valued on each individual lot as though it were one lot of the combined size. This is known as “pricing square footage”.

### *Procedures for Model Calibration*

Each year, the Cherokee County Appraisal District analyzes sold property as compared to the appraised value of that sold property. The calibration of the model begins here and progresses in two different stages. Land calibration first and followed by improvement calibration.

### Land Model Calibration

The first stage in the commercial calibration process is to analyze and calibrate all commercial land schedules. Tract and lot sales are obtained through the various means discussed in the section titled "Types of Data". This information is then analyzed by segregating the various sales into their respective categories identified by the land schedule code for that sold property. For each category that has sufficient sales activity, the sales are checked to confirm the total number of acres or square footage involved in the transaction. The sales price is then divided by the total number of acres or square footage to arrive at a price per unit. These prices per unit are then arrayed in ascending size of sale and plotted graphically. In this manner, the district has a picture of price per acre for example for all tracts plotted against size. In addition to the graph line for sales, the district plots a logarithmic trend line for sales. Over this graph, the district superimposes a graph of appraised value per unit for that particular category as determined by the current category schedule. Using the sales and the sales trend line as compared to the line for the appraisal schedule allows the district to move the appraisal plot in a manner that best fits the sales data.

Moving the appraisal plot to best fit the sales and sales trend lines will give the district the information needed to adjust the underlying schedule. Calibrating the schedule will result in all properties being revalued for that particular classification of land. In this manner, sold and unsold properties are all reappraised.

Typically, there are never enough sales in each different classification of property to perform the above mentioned process. In these instances, the district will adjust schedules lacking sufficient sales information based upon the adjustments of classifications with sales. For example, if there were sufficient sales to perform an analysis of average commercial land in Jacksonville (JCA) but not enough sales for JCF, the district would use the calibrated JCA schedule as a benchmark and adjust JCF up or down accordingly as compared to JCA. The same is also true of cities that lack sales activity. Often times, an entire city market area has a low volume of sales thus prohibiting a sales analysis. These cities will be adjusted based upon the activity of neighboring cities. The calibration of schedules or areas with low sales volume based upon similar schedules or cities is referred to by the District as "blending". When blending schedules or areas, the District recognizes that there exists a certain difference between schedules or areas. For example, the District recognizes that property in Wells is not the same as property in Rusk or Jacksonville. A premium or discount is employed when blending. Consideration is given to the schedules or cities with the most sales volume and further consideration is given as to how other schedules or cities compare to them. The level of premium or discount is sought from what sales are available in the low volume areas complemented with appraisal experience and judgment. Once these processes are completed for a market area and all relevant schedules calibrated, the CAMA system is recalculated in order to update all relevant parcels with the new appraisal data. Sales ratio reports are again pulled and the sold properties appraised value per unit is double checked against the predicted outcome from the sales plotting discussed above. Attention is also given to the relative change in appraised value for all properties as compared against the percentage change applied in the calibration process. This allows the District to identify properties or schedules of property that did not change in the manner anticipated by the calibration process. When these tasks are complete, the

CAMA system is ready with reappraised land values and therefore ready for the next step which is the calibration of commercial improvements.

### Improvement Model Calibration

The second stage in the commercial calibration process is to analyze and calibrate all improvement schedules. Following the same procedures for data collection and segregation as outlined above, the improvement calibration process analyzes sales ratios by property classification. The sales ratio is found by the following formula:

$$100 * (\text{Appraised Market Value} \div \text{Sales Price}) = \text{Sales Ratio} \%$$

The sales ratio measures the level of appraised market value against a known sales price on a particular parcel of property. Ratios under 100% indicate a sold property that is under appraised. Ratios over 100% indicate a sold property that is over appraised. The sales ratio is the first step in the analytical process.

Sales ratios are examined by improvement classification. For example, the district will look at all sales ratios for average quality frame structure offices in the City of Rusk (21DA). This task is performed for all classifications of sold property. Greater weight is given to those classifications of property that possess adequate numbers of sales for analysis. As this process proceeds, the district will examine those classifications for the influence of several factors such as physical condition, time of sale, and market area making adjustments as necessary to the analysis. After analyzing and adjusting the sales ratios for these factors, the district calculates a weighted mean ratio for that classification found by the following formula:

$$100 * (\sum \text{Appraised Market Values} \div \sum \text{Sales Prices}) = \text{Weighted Sales Ratio} \%$$

The district also calculates a Coefficient of Dispersion (COD) for that sample by the following formula:

$$(\text{Average Absolute Deviation} \div \text{Median Sales Ratio}) 100 = \text{COD}$$

The average absolute deviation is the mathematical average of the absolute value of the differences between the sales ratio on each parcel as compared to the median ratio for that sample. The COD is used to measure uniformity while the weighted mean ratio is used to measure level of appraisal. The District utilizes these two factors when giving weight to what classifications to use as baseline schedules. The baseline schedules will determine how other schedules that lack adequate sales information are modified. This is also a blending process as described in the section for land calibration. Blending in the improvement sense will include differing classes of quality, exterior type and neighborhood. The appraiser uses market data and appraisal judgment to apply premium or discount factors to the baseline schedule(s) when adjusting non-baseline schedules.

Once all schedules are calibrated and the data entered into the CAMA system, the system is recalculated and sales ratio reports are pulled again for the purpose of seeing how the changes actually affected the model. Modifications to schedules or to other area or

neighborhood factors are examined at this point. Following these adjustments, the District combines all sales ratios for improved property in order to analyze the overall weighted mean ratio and COD.

## **Timber Land Modeling:**

### General Discussion

There are market type areas for timberland here in East Texas. These areas have more to do with the actual soil than any real external economic influence. Timberland is divided into nine primary categories in CCAD. All categories are variations of two factors: Soil class and Timber type.

### Description of Timber Model

Soil class is divided into class I, II and III. Soil types were taken from U. S. Soil Conservation Service maps. Timber type is a judgment call by the appraiser utilizing the infrared aerial maps and/or field inspection. Primary timber production is divided into Pine, Hardwood or Mixed. Each of these nine categories carries a different productive value.

<u>Timber Code</u>	<u>Description of Code</u>
PT1	Pine Timber/Soil Class I
PT2	Pine Timber/Soil Class II
PT3	Pine Timber/Soil Class III
HT1	Hardwood Timber/Soil Class I
HT2	Hardwood Timber/Soil Class II
HT3	Hardwood Timber/Soil Class III
MT1	Mixed Timber/Soil Class I
MT2	Mixed Timber/Soil Class II
MT3	Mixed Timber/Soil Class III

Timber also has several other special categories assigned to it by Subchapter H, Chapter 23 of the TPTC. These categories concern reforestation and conservation efforts.

Two methods are available to promote reforestation. First, property owners can plant their pastures in timber and receive a pasture valuation for fifteen years following the planting. The code structure for this model is in the form of the type of timber being planted, followed by a "P" for pasture and then the last two digits of the year. In this manner you have the following examples of code

<u>Code</u>	<u>Code Description</u>
PP05	Pine to Pasture 2005
HP99	Hardwood to Pasture 1999
MP00	Mixed to Pasture 2000

Second, timber owners can replant their tracts that have been harvested and receive a 50% reduction for ten years following the replanting. The code structure for this model is in the

form of an “R” followed by the last two digits of the year of planting, and then the type of timber and soil category. In this manner you have the following examples of code

<u>Code</u>	<u>Code Description</u>
R04H1	Replanted Hardwood in Soil Class I, 2004
R05P2	Replanted Pine in Soil Class II, 2005
R01M3	Replanted Mixed in Soil Class III, 2001

Finally, there are sections of timberland receiving a 50% valuation in conservation appraisals for critical wildlife habitat (CWH), streamside management zones (SMZ) and aesthetic management zones (AMZ). Critical wildlife habitats are areas where logging is restricted in order to preserve the habitat of endangered species. Streamside management zones are areas of restricted logging along streams and other waterways to preserve water quality. Aesthetic management zones are composed of bands of unharvested timber along major roadways for the purpose of creating pretty roadsides that may be seen by passing tourists so they will think paper and lumber comes from other planets. The code structure for this model is in the form of the abbreviation for type of zone, followed by the type of timber and soil class. In this manner you have the following examples of code:

<u>Code</u>	<u>Code Description</u>
CWHM3	Critical Wildlife Zone with Mixed in Soil Class III
AMZH2	Aesthetic Management Zone with Hardwood in Soil Class II
SMZP1	Streamside Management Zone with Pine in Soil Class I

### Timber Model Calibration

Each year, the State Comptroller’s Property Tax Assistance Division (PTAD) generates a spreadsheet of timber values using the statutory formulas set out in the Comptroller’s Timber Appraisal Manual. Basically, the ability of the soil to produce board footage per year with a five year running average of prevailing prices is calculated and then capitalized with a statutory discount rate to arrive at value per acre.

The PTAD uses this figure to compare to our values in their biennial study. Because the State uses their figures as a benchmark, CCAD does not compute in-house values for timber nor do we accumulate production data. We calibrate our model using the values determined by the PTAD.

## **SECTION III**

### **BUSINESS PERSONAL PROPERTY**

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#### **Reappraisal Activities**

##### **General Discussion**

Business Personal Property (BPP) is comprised of assets held by owners that produce income. The most typical subcategories of BPP are Furniture and Fixtures, Machinery and Equipment, Inventory and Supplies and Vehicles. At times, we also include Leasehold Improvements to an account. Leasehold Improvements are physical improvements made to a leased structure when the improvements belong to the tenant and not the landlord.

CCAD reappraises the 1,700+ BPP accounts in a different manner than Real Estate property. Each year, we conduct a complete sweep of all BPP property that is able to be located. BPP assets that are not readily locatable are leased vehicles and leased equipment. Each year these types of assets are rendered by both lessee and lessor. When conducting a reappraisal sweep for BPP, appraisal staff typically inspects assets by entering a business with the permission of the owner. In situations where safety or security is an issue, CCAD appraisers will make appointments to inspect assets.

Actual valuations are not a result of modeling in the way that real estate is. Currently, we have no computerized method of mass appraisal. Instead, each rendition submitted by a property owner is reviewed. Modifications are made by the appraiser to adjust for depreciation. In instances where no rendition is filed, the appraiser may use good judgment to determine a value by utilizing all reference materials including renditions of similar properties. Finally, the CAD does not analyze any market areas for BPP due to the fact that BPP typically does not lend itself to market segmentation.

##### **Current Status and Goals**

Currently, our field inspections encompass a limited amount of data. Basically, we are ascertaining the presence of the assets on the appraisal roll and confirming ownership information. Our goal for the coming two years is to have our appraiser conduct in depth inspections throughout the year of each of the 1,700 properties gathering much more data than we do at this time. In this manner, we will be able to begin modeling BPP to assist us in maintaining uniformity of values. Additionally, we will begin using the PTAD Field Appraiser's Manual sections on BPP to assist with atypical types of properties.

##### **Resources**

Our staff resources are identical to the resources shown in Section I of this Plan. However, there are some differences in application of those resources for BPP. To begin, one appraiser is tasked to actually conduct valuation efforts and one Data Entry/Records clerk is tasked with the data entry for all BPP accounts. All CCAD appraisers do participate in the reappraisal sweep, but only the one appraiser works the accounts for value.

The tools of the trade are also different for BPP reappraisal. The CAMA system provided by True Automation, Inc. is still used for data retention and retrieval but the BPP appraiser has three primary reference services that are used in the valuation effort. The appraiser uses a listing of all commercially registered vehicles in Cherokee County, a listing of aircraft hangered in Cherokee County and NADA "blue book" of passenger vehicle values. The listings assist in discovery, verification and valuation of vehicles and aircraft. In addition to these tools, CCAD utilizes depreciation tables developed by the PTD. These tables are updated annually and are categorized by type of asset and economic life.

### Schedule of Work

Since the reappraisals are performed on an annual basis, there is no alternating schedule for reappraisal. However, for the next two year cycle, we will be focusing on gathering more in depth information and in identifying and valuing those accounts that do not render or render insufficiently. This will also assist us in uniform valuation and enforcement of applicable penalty statutes.

## **Data Collection and Types**

### Types of Data

The primary foundation of the BPP reappraisal is the rendition and field inspection. Currently, we do receive renditions from property owners and we have already discussed the need for more in depth field inspections. The following are types of data that we will be or have been accumulating.

**Square Footage** of retail, warehouse or office space will be determined in order to compare one business to another and assist in creating a baseline for modeling efforts.

**Density of Inventory** is a manner that allows us to estimate the differences between a highly stocked location versus a location with little stock.

**Quality of Inventory** will assist us in differentiating high value inventory from low value inventory. The two measurements of Density and Quality will form the primary axis for the valuation model we are working toward.

**Asset Listings** are developed by businesses in their accounting activities and are useful tools for the appraiser to discover, list and value assets.

### Collection and Retention

The data collected by the appraiser will be noted on the PRC for the property as well as individual notes in the BPP file for that location. Additionally, the property owner's confidential rendition is a part of the collection process. The PRC, notes and the rendition are entered by the one specified data entry clerk. Renditions are filed in separate file cabinets, away from non-confidential cabinets, with confidential warnings clearly notated on the cabinet drawer. They are filed in alphabetic order. Records in the PACS software are not detailed enough to warrant confidential status because they merely list the aggregate values for each major category of asset and not the asset themselves.

## **SECTION IV**

# **INDUSTRIAL REAL, OIL & GAS, INDUSTRIAL PERSONAL, UTILITY, RAILROAD & PIPELINE PROPERTIES**

### *General Discussion*

These categories of property are the contractual responsibility of the outside valuation firm of Capitol Appraisal Group, Inc. (CAGI). CAGI is responsible for the discovery, listing and valuation of all property that falls under this section. As such, we are including the submission by CAGI as a part of this Plan. These items are found in Appendix A, B, C and D of this document.

## **SECTION V**

### **INDEPENDENT PERFORMANCE REVIEW**

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#### **General Discussion**

Beginning with Legislative changes in 2010, every two years, the PTAD conduct a Property Value Study (PVS) to ensure equity across the State for state aid to school districts. The PVS is mandated by state law and is intended to insure that appraisal districts are statistically within a 5% margin of error of market value. The PTAD studies only categories of property that make up at least 5% of the total value of the school district. A state field reviewer is dispatched to each CAD to gather data, inspect properties and perform appraisals. The information accumulated by the reviewer is then loaded into the State's computerized statistical model and the local value for each school district is compared to a high and low range of value generated by the model. This model creates a 5% statistical confidence interval within which the local value should be. While there are inherent deficiencies in the annual PVS, appraisal districts are still bound by compliance with the study. Study results are released on February 1<sup>st</sup> of the year following the year of study.

In the event that local value falls outside the interval, the school district and the CAD have the ability to protest the PVS to PTAD staff. If such discussions fail, the protesting party may appear before a mediation judge who is also a member of the Comptroller's staff. Appeals of the mediation judge's decision may be brought before the Court.

If the local test value falls more than 5% outside the upper and lower limits established by the model, the PTAD reports their determined value to the Texas Education Agency (TEA) as the certified value for state financial aid. Otherwise, the PTAD certifies local value to TEA.

In between the years in which the PVS is conducted, the PTAD conducts a Methods and Assistance Program audit that investigates District procedures, documentation and compliance with the Texas Property Tax Code. During those years, local value is certified to TEA provided the District has been found in compliance with the most recent PVS.

The Comptroller publishes the final findings of each PVS on their website:

<http://www.window.state.tx.us/taxinfo/proptax/>

**Appendix A**  
**CAGI Plan for**  
**Utility, Railroad and Pipeline Property**



## CAD PLAN FOR PERIODIC REAPPRAISAL OF UTILITY, RAILROAD AND PIPELINES

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

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of selected industrial property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC. (CAG) to appraise these properties for the CAD. This “reappraisal” may be subject to a prior assignment and/or a new assignment by the CAD as defined in USPAP. In either case the assignment results are in accordance with the appropriate USPAP standard..
  - (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 part of the inspection process and through later submissions by the property owner, sometimes including confidential rendition. Additional data are obtained through public sources, regulatory reports and through analysis of comparable properties.
  - (3) Defining market areas in the district: Market areas for utility, railroad and pipeline property tend to be regional or national in scope. Financial analyst and investor services reports are used to help define market areas.
  - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: When a sales comparable approach is necessary, the appraiser will analyze such comparable sales data as are available to indicate a value conclusion. When a cost approach is necessary, the appraiser will analyze such data that are available to estimate the cost new of the property and estimate the difference between cost new and present worth of the property based upon the data available. When an income approach is necessary, the appraiser will estimate the market income of the property based on the income available, estimate the operating expenses of the property based on available information, estimate rates of capitalization and/or discount, and

base projections of future income and expenses on reasonably clear and appropriate evidence.

- (5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process. These types of property are also subject to review by the Property Tax Division of the Texas Comptroller's Office through their annual Property Value Study.
- (6) Availability of Market data: Because Texas is a non-disclosure state with respect to private property sales, market data is not readily available on utility, railroad and pipeline properties. We consider all approaches to value, but primarily use the cost approach or the income approach due to availability of data from renditions, industry publications and/or regulatory agencies. When market data is available, either through news sources, trade journals or private sources, CAG, LLC will consider it in addition to the other approaches to value. However if market data is made available with respect to Section 22.27 of the TPTC, that data will not be available for inspection by the general public.

**Appendix B**  
**CAGI Plan for**  
**Industrial Property**



## **CAD PLAN FOR PERIODIC REAPPRAISAL OF INDUSTRIAL REAL PROPERTY**

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

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of selected industrial property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC. (CAG) to appraise these properties for the CAD. This “reappraisal” may be subject to a prior assignment and/or a new assignment by the CAD as defined in USPAP. In either case the assignment results are in accordance with the appropriate USPAP standard.
  - (1) Identifying properties to be appraised: Industrial properties are identified initially by the contract addendum and further identified as part of the appraiser’s physical inspection process each year and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.
  - (2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Confidential rendition, assets lists and other confidential data also provide additional information. Subject property data is verified through previously existing records and through published reports.
  - (3) Defining market areas in the district: Market areas for industrial properties tend to be regional, national and sometimes international. Published information such as prices, financial analysis and investor services reports are used to help define market area.
  - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: When a sales comparable approach is necessary, the appraiser will analyze such comparable sales data as are available to indicate a value conclusion. When a cost approach is necessary, the appraiser will analyze such data that are available to estimate the cost new of the property and estimate the difference between cost new and present worth of the property based upon the data available. When an income approach is necessary, the appraiser will estimate the market income of the property based on the income available, estimate the operating expenses of the property based on available information, estimate rates of capitalization and/or discount, and

base projections of future income and expenses on reasonably clear and appropriate evidence.

- (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.
  
- (6) Availability of Market data: Because Texas is a non-disclosure state with respect to private property sales, market data is not readily available on industrial properties. We consider all approaches to value, but primarily use the cost approach or the income approach due to availability of data from renditions, industry publications and/or regulatory agencies. When market data is available, either through news sources, trade journals or private sources, CAG, LLC will consider it in addition to the other approaches to value. However if market data is made available with respect to Section 22.27 of the TPTC, that data will not be available for inspection by the general public

**Appendix C**  
**CAGI Plan for**  
**Industrial Personal Property**



## **CAD PLAN FOR PERIODIC REAPPRAISAL OF INDUSTRIAL PERSONAL PROPERTY**

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

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of selected industrial property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC. (CAG) to appraise these properties for the CAD. This “reappraisal” may be subject to a prior assignment and/or a new assignment by the CAD as defined in USPAP. In either case the assignment results are in accordance with the appropriate USPAP standard.
  - (1) Identifying properties to be appraised: Through inspection the appraiser identifies personal property to be appraised. The appraiser may also refer to other documents, both public and also confidential, to assist in identification of these properties. Such documents might include but are not limited to the previous year’s appraisal roll, vehicle listing services and private directories.
  - (2) Identifying and updating relevant characteristics of each property in the appraisal records: Data identifying and updating relevant characteristics of the subject properties are collected as part of the inspection process through directories and listing services as well as through later submissions by the property owner, sometimes including confidential rendition. These data are verified through previously existing records and through public reports.
  - (3) Defining market areas in the district: Market areas for industrial personal property are generally either regional or national in scope. Published price sources are used to help define market areas.
  - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: When a sales comparable approach is necessary, the appraiser will analyze such comparable sales data as are available to indicate a value conclusion. When a cost approach is necessary, the appraiser will analyze such data that are available to estimate the cost new of the property and estimate the difference between cost new and present worth of the property based upon the data available. When an income approach is necessary, the appraiser will estimate the market income of the property based on the income available, estimate the operating expenses of the property based on available information, estimate rates of capitalization and/or discount, and

base projections of future income and expenses on reasonably clear and appropriate evidence.

- (5) Comparison and Review: The appraiser reconciles multiple models by considering the model that best addresses the individual characteristics of the subject property. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.
- (6) Availability of Market data: Because Texas is a non-disclosure state with respect to private property sales, market data is not readily available on industrial personal property. We consider all approaches to value, but primarily use the cost approach or the income approach due to availability of data from renditions, industry publications and/or regulatory agencies. When market data is available, either through news sources, trade journals or private sources, CAG, LLC will consider it in addition to the other approaches to value. However if market data is made available with respect to Section 22.27 of the TPTC, that data will not be available for inspection by the general public.

**Appendix D**  
**CAGI Plan for**  
**Oil and Gas Property**



## **CAD PLAN FOR PERIODIC REAPPRAISAL OF OIL AND GAS PROPERTY**

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In accordance with Section 25.18 of the Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property as approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of selected oil and gas property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC. (CAG) to appraise these properties for the CAD. This “reappraisal” may be subject to a prior assignment and/or a new assignment by the CAD as defined in USPAP. In either case the assignment results are in accordance with the appropriate USPAP standard. .
  - (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, CAG 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 CAG’s in-house map resources.
  - (2) Identifying and updating relevant characteristics of all oil and gas properties to be appraised. Relevant characteristics necessary to estimate value of remaining oil or gas reserves are production volume and pattern, product prices, expenses borne by the operator of the property, and the rate at which the anticipated future income should be discounted to incorporate future risk. CAG obtains information to update these characteristics annually from regulatory agencies such as the RRC, the Comptroller of Public Accounts, submissions from property owners and operators, as well as from published investment reports, licensed data services, service for fee organizations and through comparable properties, when available.
  - (3) Defining market areas in the district and identifying property characteristics that affect property value in each market area. Oil and gas markets are regional, national and international. Therefore they respond to market forces beyond defined market boundaries as observed among more typical real properties.
  - (4) Developing an appraisal approach that best reflects the relationship among property characteristics affecting value and best determines the contribution of individual property characteristics. Among the

three approaches to value (cost, income and market), the income approach to value is most commonly used in the oil and gas industry. Through use of the discounted cash flow technique 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 an estimate of appraised value of an oil or gas property.

- (5) Comparison and Review. Use of the income approach is the first step in determining an estimate of market value. After that the appraiser reviews the estimated market value compared to its previous certified value and also compares it to industry expected payouts and income indicators. The appraiser examines the model's value with its previous year's actual income, expecting value to typically vary within in a range of 2-5 times actual annual income, provided all appropriate income factors have been correctly identified. Finally, periodic reassignment of properties among appraisers and review of appraisals by a more experienced appraiser further expand the review process.
  
- (6) Availability of Market data: Because Texas is a non-disclosure state with respect to private property sales, market data is not readily available on oil and gas properties. We consider all approaches to value, but primarily use the cost approach or the income approach due to availability of data from renditions, industry publications and/or regulatory agencies. When market data is available, either through news sources, trade journals or private sources, CAG, LLC will consider it in addition to the other approaches to value. However if market data is made available with respect to Section 22.27 of the TPTC, that data will not be available for inspection by the general public

# **Appendix E**

## **List of Acronyms**



<b><u>Acronym</u></b>	<b><u>Description</u></b>
BOD	Board of Directors
BPP	Business Personal Property
CAD	County Appraisal District
CAGI	Capitol Appraisal Group, Inc.
CAMA	Computerized Assessment and Mass Appraisal
CCAD	Cherokee County Appraisal District
CE	Continuing Education
COD	Coefficient of Dispersion
GIS	Geographic Information System
LV	Land Value
MV	Market Value
NADA	National Automobile Dealers Association
PACS	Property Appraisal/Collection Software
PRC	Property Record Card
PTAD	Property Tax Assistance Division, State Comptroller
PVS	Property Value Study
RPA	Registered Professional Appraiser
RTA	Registered Professional Assessor/Collector
SIC	Standard Industrial Code
TDLR	Texas Department of Licensing and Regulation
TEA	Texas Education Agency
TPTC	Texas Property Tax Code
USPAP	Uniform Standards of Professional Appraisal Practice



# **Appendix F**

## **Examples of Model Tables**



## Commercial Improvement Example

### 21SA

Year: 2007 Type: LA(LIVING AREA)  
Area Type: STMA(Total Area of MA Segments)  
Method: U(UNIT)  
Class: 21SA(OFFICE BLD STEEL-AVE)

Year: 2007 METHOD: U TYPE: LA CLASS: 21SA INTERPOLATE: F  
MULTIPLIER QUALITY CD  
Area Type: Total Area of MA Segments

RANGE MAX	ADJ UNIT PRICE
0.00	41.49
9,999,999.00	41.49

## Residential Improvement Example

### M4-JA

Year: 2007 Type: LA(LIVING AREA)  
Area Type: STMA(Total Area of MA Segments)  
Method: U(UNIT)  
Class: M4-JA(AVE FRAME BV RES)

Year: 2007 METHOD: U TYPE: LA CLASS: M4-JA INTERPOLATE: T  
MULTIPLIER QUALITY CD  
Area Type: Total Area of MA Segments PC OF

RANGE MAX	ADJ UNIT PRICE
900.00	58.51
1,000.00	57.34
1,200.00	56.29
1,400.00	54.56
1,600.00	53.11
2,000.00	51.92
2,400.00	51.74
2,800.00	48.43
999,999.00	47.20

## Rural Land Example

P46

YEAR : 2007  
METHOD : A  
TABLE CODE: P46  
AG / MKT: M  
INTERPOLATE: Y

RANGE MAX	UNIT PRICE	ADJ FACTOR	ADJ UNIT PRICE
0.00000	6,170.00	100.00	6,170.00
5.00000	3,410.00	100.00	3,410.00
40.00000	2,130.00	100.00	2,130.00
100.00000	1,375.00	100.00	1,375.00
500.00000	1,125.00	100.00	1,125.00
9,999,999,999.	1,100.00	100.00	1,100.00

## Municipal Residential Land Example

JA

YEAR : 2007  
METHOD : SQ  
TABLE CODE: JA  
AG / MKT: M  
INTERPOLATE: Y

RANGE MAX	UNIT PRICE	ADJ FACTOR	ADJ UNIT PRICE
1.00000	0.70	100.00	0.70
15,000.00000	0.59	100.00	0.59
30,000.00000	0.36	100.00	0.36
45,000.00000	0.23	100.00	0.23
999,999,999.0	0.08	100.00	0.08

**Commercial Land Example**

JCG

YEAR : 2007  
METHOD : SQ  
TABLE CODE: JCG  
AG / MKT: M  
INTERPOLATE: Y

RANGE MAX	UNIT PRICE	ADJ FACTOR	ADJ UNIT PRICE
0.00000	6.56	100.00	6.56
5,000.00000	6.00	100.00	6.00
10,000.00000	5.50	100.00	5.50
45,000.00000	2.50	100.00	2.50
47,500.00000	2.25	100.00	2.25
65,000.00000	2.00	100.00	2.00
85,000.00000	1.75	100.00	1.75
217,800.00000	0.55	100.00	0.55
435,600.00000	0.40	100.00	0.40
871,200.00000	0.14	100.00	0.14
99,999,999.00	0.11	100.00	0.11



# **Appendix G**

## **Governing Agencies and Contact Information**



<b><u>Agency</u></b>	<b><u>Contact Info</u></b>
Texas State Comptroller's Property Assistance Tax Division	P. O. Box 13528 Austin, Texas 78711-3528 1-800-252-9121 <a href="http://www.window.state.tx.us/taxinfo/proptax/">http://www.window.state.tx.us/taxinfo/proptax/</a>
Texas Department of Licensing & Regulation	P.O. Box 12157 Austin, Texas 78711 Toll-Free (in Texas): 800-803-9202 <a href="http://www.license.state.tx.us/taxprof/taxprof.htm">http://www.license.state.tx.us/taxprof/taxprof.htm</a>
Governor of Texas	Office of the Governor P.O. Box 12428 Austin, Texas 78711-2428 (800) 843-5789 <a href="http://www.governor.state.tx.us/">http://www.governor.state.tx.us/</a>
State Representative, District 11	Jacksonville District Office 214 South Main Jacksonville, TX 75766 (903) 541-2250 <a href="http://www.house.state.tx.us/members/dist11/hopson.htm">http://www.house.state.tx.us/members/dist11/hopson.htm</a>
State Senator, District 3	District Office 329 Neches Street Jacksonville, Texas 75766 (903) 589-3003 (903) 589-0203 fax <a href="http://www.senate.state.tx.us/75r/Senate/members/dist3/dist3.htm">http://www.senate.state.tx.us/75r/Senate/members/dist3/dist3.htm</a>
Cherokee County Appraisal District	P. O. Box 494 Rusk, Texas 75785 107 East 6th Street 903-683-2296 <a href="http://www.cherokeecad.com/">http://www.cherokeecad.com/</a>



# **Appendix H**

## **Statutory Dates Calendar**

*Source: <http://www.window.state.tx.us/taxinfo/proptax/taxcalendar/2010.html>*



## January

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1

- Date that 2010 taxable values and qualification for certain exemptions are determined (except for inventories appraised Sept. 1) (Secs. 23.01, 23.12).\*
- Date a tax lien attaches to property to secure payments of taxes, penalties and interest that will be imposed for the year (Secs. 11.42, 23.01, 32.01).
- Date rendition period begins; continues through April 15 for those property owners not requesting a filing extension (Sec. 22.23).
- Date that half the members of the county appraisal district (CAD) board of directors begin two-year terms if the district has staggered terms (Sec. 6.034).
- Date that half of appraisal review board (ARB) members begin two-year terms (Sec. 6.41).

10

- If a 2009 tax bill is not mailed on or before this date, the delinquency date is postponed (Sec. 31.04).

31

- Deadline for Texas Comptroller's preliminary *2009 Property Value Study (PVS)* findings to go to Education Commissioner and each school district (Government Code Sec. 403.302).

## February

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1

- Last day for chief appraiser to deliver applications for special appraisal and exemptions requiring annual applications (Secs. 11.44, 23.43).
- Last day for disabled or 65-or-older homeowners to pay one quarter of homestead property taxes in installments. Homeowners or qualified businesses whose properties were damaged in a disaster within a designated disaster area may choose this payment option (Secs. 31.031, 31.032).
- Last day for motor vehicle, boat and outboard motors, heavy equipment and manufactured housing dealers to file dealer's inventory declarations (Secs. 23.121, 23.124, 23.1241, 23.127).
- Last day for appraisal district to give public notice of 2010 capitalization rate used to appraise property with low- and moderate-income housing exemption (Sec. 11.1825).

2

- Date that 2009 taxes become delinquent if a bill was mailed on or before Jan. 10, 2010. Rollback tax for change of use of 1-d-1 land becomes delinquent if taxing unit

delivered a bill to the owner on or before Jan. 10, 2010 (Secs. 23.46, 23.55, 23.76, 23.9807, 31.02).

## 15

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

## March

---

### 2

- Last day to request cooperative housing appraisal (Sec. 23.19).

### 10

- Deadline to file written appeal of PVS findings with Texas Comptroller (Government Code Sec. 403.303).

### 31

- Last day for taxing units' second quarterly payment for 2010 CAD budget (Sec. 6.06).
- Last day for disabled or 65-or-older homeowners or homeowners or qualified businesses whose properties were damaged in a disaster area to pay second installments on taxes (Secs. 31.031, 31.032).
- Last day for cities to report information regarding reinvestment zones and tax increment financing plans to Texas Comptroller (Sec. 311.019).
- Last day for qualified community housing development corporations to file listing of property acquired or sold during the past year with the chief appraiser (Sec. 11.182).

## April

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### 1

- Last day (or as soon as practicable thereafter) for chief appraiser to mail notices of appraised value for single-family residence homestead properties (Sec. 25.19).
- Last day for the chief appraiser to notify the taxing units of the form in which the appraisal roll will be provided to them (Sec. 26.01).

### 15

- Last day for property owners to file renditions and property information reports unless they request a filing extension in writing (Sec. 22.23).

**NOTE:** The Comptroller and each chief appraiser are required to publicize the legal requirements for filing rendition statements and the availability of the forms in a manner

reasonably designed to notify all property owners of the law (Sec. 22.21). Chief appraisers need to check with their legal counsel to determine the manner and timing of this notice to meet the legal requirement.

### **30**

- Last day for property owners to file these applications or reports with the CAD:
  - Some exemption applications (Sec. 11.43)\*\*;
  - Notice to chief appraiser that property is no longer entitled to an exemption not requiring annual application (Sec. 11.43);
  - Applications for special appraisal or notices to chief appraiser that property no longer qualifies for 1-d and 1-d-1 agricultural land, timberland, restricted-use timberland, recreational-park-scenic land and public access airport property (Secs. 23.43, 23.54, 23.75, 23.84, 23.94, 23.9804);
  - Railroad rolling stock reports (Sec. 24.32);
  - Requests for separate listing of separately owned land and improvements (Sec. 25.08);
  - Requests for proportionate taxing of a planned unit development property (Sec. 25.09);
  - Requests for separate listing of separately-owned standing timber and land (Sec. 25.10);
  - Requests for separate listing of undivided interests (Sec. 25.11); and
  - Requests for joint taxation of separately owned mineral interest (Sec. 25.12).
- Last day for chief appraiser to certify estimate of school district's taxable value for school district to use for publishing notice of budget and proposed tax rate and adopting its budget for a fiscal year that begins July 1. Chief appraiser must also certify estimate of taxable value for county and cities unless the taxing units choose to waive the estimate (Sec. 26.01).

## **May**

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### **1-14**

- Period when taxing units may file resolutions with chief appraiser to change CAD finance method. Three-fourths of taxing units must file for change to occur (Sec. 6.061).

### **1-17**

- Period when chief appraiser must publish notice about taxpayer protest procedures in a local newspaper with general circulation (Secs. 41.41, 41.70).

### **2-Jun 1**

- Period when taxing units must notify delinquent taxpayers that taxes delinquent on July 1 will incur additional penalty for attorney collection costs (Sec. 33.07).

### **3**

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

### **17**

- Last day for property owners to file renditions and property information reports if they requested an extension in writing. For good cause, chief appraiser may extend this deadline another 15 days (Sec. 22.23).
- Last day (or as soon as practicable thereafter) for chief appraiser to mail notices of appraised value, denial of exemptions and denial of special appraisal (Secs. 11.45, 23.44, 23.57, 23.79, 23.85, 23.95, 23.9805, 25.19).
- Date (or as soon as practicable thereafter) for chief appraiser to prepare appraisal records and submit to ARB (Secs. 25.01, 25.22).

### **19**

- Last day for chief appraiser to count taxing units' resolutions to change CAD's finance method (Sec. 6.061).

### **24**

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

## **June**

---

### **1**

- Last day for property owners to file protest with ARB (or by 30th day after notice of appraised value is delivered, whichever is later) (Sec. 41.44).
- Last day for taxing units to file challenges with ARB (or within 15 days after ARB receives appraisal records, whichever is later) (Sec. 41.04).
- Last day for disabled or 65-or-older homeowners or home owners and qualified businesses whose properties were damaged in a disaster area to pay third installment on taxes (Secs. 31.031, 31.032).
- Last day for religious organizations to amend charters and file new applications for Sec. 11.20 exemption (or within 60 days of exemption denial, whichever is later) (Sec. 11.421).

### **14**

- Last day for chief appraiser to submit recommended 2011 budget to CAD board and taxing units (unless taxing units have changed CAD's fiscal year) (Sec. 6.06).

## 16

- Beginning date that CAD board may pass resolution to change CAD finance method, subject to taxing units' unanimous approval. Period ends Aug. 14 (Sec. 6.061).

## 30

- Last day to pay second half of 2009 taxes by split payment (Sec. 31.03).
- Last day for taxing units' third quarterly payment for 2010 CAD budget (Sec. 6.06).
- Last day to form a taxing unit to levy 2010 property taxes (Sec. 26.12).
- Last day for taxing units to adopt local option percentage homestead exemptions (Sec. 11.13).
- Last day for private schools to amend charters and file new applications for (Sec. 11.21) exemption (or within 60 days of exemption denial, whichever is later) (Sec. 11.422).
- Last day for CADs to report formation of reinvestment zones and tax abatement agreements to the Texas Comptroller (Sec. 312.005).

## July

---

### 1

- Date that delinquent taxes incur total 12 percent penalty (Sec. 33.01).
- Taxes delinquent on or after Feb. 1, but not later than May 1, incur additional penalty to pay attorney collection costs (Sec. 33.07). Taxing unit may add penalty for attorney collection costs to taxes delinquent on or after June 1; penalty is incurred on the first day of first month that begins at least 21 days after the date the collector sends property owner a notice of delinquency and penalty (Sec 33.08).
- Last day for ARBs to complete review of railroad rolling stock values for submission to Texas Comptroller (or as soon as practicable thereafter) (Sec. 24.35).

### 20

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

### 25

- Last day for Texas Comptroller to certify apportionment of railroad rolling stock value to counties, with supplemental records after that date (Sec. 24.38).

### 26

- Last day for chief appraiser to certify appraisal roll to each taxing unit (Sec. 26.01).

## August

---

2

- Last day for property owners to apply for September 1 inventory appraisal for 2011 (Sec. 23.12).
- Last day for disabled or 65-or-older homeowners or homeowners and qualified businesses whose properties were damaged in a disaster area to pay fourth installment on taxes (Secs. 31.031, 31.032).
- Date taxing unit's assessor submits appraisal roll and collection rate estimate for the current year to the governing body (or soon after) (Sec. 26.04).

9

- Date taxing units (other than school districts and small taxing units) must publicize effective tax and rollback rates, unencumbered fund balances, debt obligation schedule and other applicable items (or as soon as practical thereafter) (Sec. 26.04).

16

- Last day for CAD board to pass resolution to change CAD finance method, subject to taxing unit's unanimous consent (Sec. 6.061).
- Last day for CAD board to pass resolution to change number of directors, method for appointing or both, and deliver to each taxing unit (Sec. 6.031).
- Deadline for Texas Comptroller to certify final 2009 PVS findings to Education Commissioner and each school district (Comptroller Rule Sec. 9.4313).

30

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

31

- Last day for property owner to give, in writing, correct address to CAD for tax bill; penalties and interest waived if the bill is not sent to the correct address 21 days before delinquency date (Sec. 33.011).
- Last day taxing units may file resolutions with the CAD board to oppose proposed change in the CAD finance method (Sec. 6.061).
- Last day for taxing unit entitled to vote for appointment of CAD directors to file a resolution opposing a change by the CAD board in selection of directors (Sec. 6.031).

## September

---

**1**

- 2011 taxable value of inventories may be determined as of this date, at property owner's written option (Sec. 23.12).

**14**

- Last day for CAD board to adopt 2011 CAD budget, unless a district has changed its fiscal year (Sec. 6.06).
- Last day for CAD board to notify taxing units in writing if a proposal to change a finance method by taxing units' unanimous consent has been rejected (Sec. 6.061).
- Last day for CAD board to notify taxing units in writing if a proposal to change the number or method of selecting CAD directors is rejected by a voting taxing unit (Sec. 6.031).

**29**

- Last day for taxing units to adopt 2010 tax rate, or no later than 60th day after the chief appraiser certifies appraisal roll to a unit. Failure to adopt by these required dates results in a unit adopting the lower of its effective tax rate for this year or last year's tax rate; unit's governing body must ratify new rate within five days (Sec. 26.05).

**30**

- Last day for taxing units' fourth quarterly payment for 2010 CAD budget (Sec. 6.06).

## **October**

---

**1**

- Date tax assessor mails 2010 tax bills (or soon after) (Sec. 31.01).

## **November**

---

**30**

- First half of split payment of 2010 taxes is due on or before this date (Sec 31.03).

## **December**

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**1-31**

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

- Last day for taxing units' first quarterly payment for 2011 CAD budget (Sec. 6.06).
- 

\* Property Tax Code citations, unless otherwise noted.

\*\* Exemption applications for cemeteries, charitable organizations, private schools, nonprofit water and wastewater supply corporations and other nonprofit organizations must be filed within one year of acquiring the property. Unless birth date information has been provided to the appraisal district, persons who become age 65 or qualify as disabled during a tax year must apply for the applicable homestead exemptions within one year of qualifying.

Note: The calendar shows the most important property tax deadlines for appraisal districts, taxing units and property owners in the 2010 tax year. When the last day for performing an act falls on a Saturday, Sunday or legal holiday, Tax Code Section 1.06 designates the deadline as the next regular business day. Check with the local appraisal district office or tax office if a due date falls on the weekend or holiday. The deadlines shown on the calendar have been adjusted accordingly. The information provided in this calendar is advisory only. Any questions should be addressed with legal counsel for the governmental entity.

**Appendix I**  
**CCAD Activities Calendar**  
**&**  
**Division of Duties**



## Yearlong activities

- Deeds are processed and ownership changes updated to PACS, Paper maps and Digital Map file
  - Deeds Department assisted by Records Department & Temporary Contractor
- Address changes received from USPS and Owners processed in PACS
  - Records Department assisted by Collections and Deeds Department
- Sec. 25.25 supplements and corrections made pursuant to law
  - Records Department initiated by appraisers and CAGI
- Sales information accumulated and processed in PACS
  - Deputy Chief Appraiser

## January

- Applications for Ag, Timber, Homestead & Annual Exemptions mailed to applicable owners
  - Records Department assisted by Deeds Department
- Business Personal ownership sweep which began in December continues
  - Business Personal Appraiser assisted by Real Estate Appraisers & Systems Administrator
- Ownership updates and Address Changes resulting from BPP Sweep processed in PACS
  - Business Personal Appraiser, Records Clerk II & Systems Administrator
- Real Estate upkeep countywide is performed
  - Real Estate Appraisers assisted by Records Department for data entry

## February

- Business Personal Property Renditions prepared and mailed to owners
  - Business Personal Appraiser, Records Clerk II & Systems Administrator
- Receipt and processing of applications for Ag, Timber and Exemptions as applications return
  - Records Department assisted by Executive, Deeds and Appraisal Departments
- All sales information on hand processed and updated in PACS
  - Deputy Chief Appraiser
- Real Estate field inspections resumed at the completion of countywide upkeep
  - Real Estate Appraisers assisted by Records Department for data entry
- Business Personal Renditions processed as returned
  - Business Personal Appraiser, Records Clerk II & Systems Administrator
- 1<sup>st</sup> reminders mailed to non-responding Ag and Timber applications sent in January
  - Data Entry Clerk II or III
- Schedule ARB members and staff for PTAD ARB Training Sessions
  - Deputy Chief Appraiser, CCAD ARB Secretary, ARB Members

## March

- Sales Ratio Analysis reports prepared and analyzed
  - Chief Appraiser, Deputy Chief Appraiser & Appraisal Supervisor
- Necessary field inspections resulting from Sales Ratio Analysis performed
  - Real Estate Appraisers initiated by Chief Appraiser/Deputy Chief Appraiser
- Processing of Business Personal Renditions continues
- Processing of Ag, Timber and Exemption applications continues
- Field inspections by Real Estate Appraisers continues
- Real Estate field inspections resumed at the completion of countywide upkeep
- Annual interviews of county real estate and banking officials
  - Chief Appraiser

- Initial calibrations of appraisal models begins
  - Chief Appraiser, Deputy Chief Appraiser & Appraisal Supervisor
- Reminders sent to non-responding Business Personal Rendition owners
  - Business Personal Appraiser assisted by Data Entry Clerk II & Systems Administrator

## April

- Contact PTAD for estimates of Timber Values
  - Chief Appraiser
- Deadlines for Renditions and Ag/Timber applications approach
- Rendition Extension Requests processed and answered
  - Business Personal Appraiser assisted by Data Entry Clerk II & Systems Administrator
- Processing of Business Personal Renditions continues
- Processing of Ag, Timber and Exemption applications continues
- 2<sup>nd</sup> reminders mailed to non-responding Ag and Timber applications sent in January
  - Data Entry Clerk II or III
- All Pending Real Estate work, including Ag/Timber applications finished and processed
  - Real Estate Appraisers, Records Department
- Final Calibrations of appraisal models processed and analyzed
  - Chief Appraiser, Deputy Chief Appraiser & Appraisal Supervisor
- Management coordination meeting to plan and assign appraisal notice duties and supplies
  - Chief Appraiser, Deputy Chief Appraiser, Systems Admin, Business Manager & All department heads
- All Appraisal Notice Supplies ordered by April 15<sup>th</sup> or as soon thereafter as practicable
  - Business Manager assisted by department heads & Systems Administrator
- Issue meaningless statutory estimates of value to taxing units
  - Chief Appraiser

## May

- Final Deed volumes processed and most up to date ownership changes processed
  - Deeds Department assisted by Records Department
- Final status updates for all Ag, Timber and Exemption applications processed
  - Records Department assisted by Real Estate Appraisers
- Final processing of Business Personal Renditions and analysis of non-rendered accounts
  - Business Personal Appraiser assisted by Data Entry Clerk II & Systems Administrator
- Receipt and storage of all appraisal notice printing materials
  - Systems Administrator & Business Manager
- Download and print all relevant PACS manuals for Notice Processing
  - Systems Administrator & Records Supervisor
- Finalize valuation models, Ag and Timber values and review final statistics
  - Chief Appraiser, Deputy Chief Appraiser & Appraisal Supervisor
- Begin Appraisal Notice Processing Procedures
  - Chief Appraiser, Deputy Chief Appraiser & All Department Heads
- Conduct Pre-Protest staff meeting to review procedures and expectations
  - Chief Appraiser
- Issue realistic estimates of value to taxing units
  - Chief Appraiser
- Begin Finalizing next year's budgets
  - Chief Appraiser

- Begin 30 day Protest Period
- Submit Records to ARB with affidavit
  - Chief Appraiser, CCAD ARB Secretary, ARB Members

## June

- Continue 30 Day Protest Period
- Hold Hearing for Board Approval of Preliminary Budgets
  - Chief Appraiser
- Begin scheduling ARB hearing dates and dockets
  - Deputy Chief Appraiser, CCAD ARB Secretary, ARB Members
- Scheduling ARB hearing dates for CAGI accounts
  - Deputy Chief Appraiser, CCAD ARB Secretary, CAGI Appraisers
- Begin ARB hearings
  - Deputy Chief Appraiser, CCAD ARB Secretary, System Admin, ARB Members

## July

- Prepare to finish ARB Hearings
- Hold ARB Hearing to Approve Appraisal Roll
  - Chief Appraiser, CCAD ARB Secretary, ARB Members
- Download and Print all related PACS manuals for Mineral Import and System Certification
  - System Administrator
- Coordinate Receipt and Download of CAGI computer file and perform import processes
  - Chief Appraiser, Records Supervisor, Systems Admin
- Verify and process all outstanding accounts including a review of non-responding ag/timber accounts
  - Chief Appraiser, System Admin, All Department Heads & Data Entry Clerk II or III
- Certify computer system
  - Chief Appraiser, Records Supervisor, Systems Admin
- Certify Appraisal Rolls to Taxing Units
  - Chief Appraiser

## August

- Plan upcoming field appraisal goals and activities and review previous year
  - All Appraisers, Deputy Chief Appraiser, Appraisal Supervisor and Chief Appraiser
- Download and Print all related PACS manuals for New Year Layer process
  - System Administrator
- Perform New Year Layer Processes and ready system for new year data entry
  - Chief Appraiser, Records Supervisor, Systems Admin
- Begin Field Appraisal Work
  - All Appraisers, Records Department
- Begin Reappraisal Plan draft <Even-Numbered Years>
  - Board of Directors, Chief Appraiser

## September

- Post and hold public hearing on Budgets and complete budgeting processes
  - Board of Directors, Chief Appraiser
- Notify and hold public hearing on Reappraisal Plan <Even-Numbered Years>
  - Board of Directors, Chief Appraiser
- Continue Field Appraisal Inspections

## October - November

- Assist Collections Department with any required Field Inspections
  - Collections Department, All Appraisers
- Continue Field Appraisal Inspections

## December

- Continue Field Appraisal Inspections
- Begin preparations for Business Personal Property Field Sweep
  - Business Personal Appraiser, System Administrator
- Begin preparations for New Year Upkeep inspections
  - All Real Estate Appraisers, Records Department, Deed Department
- Begin Business Personal Property Field Sweep
  - All Appraisers

