

How Property is Appraised



**Atascosa Central
Appraisal District**

What is Atascosa Central Appraisal District?

What is Ad Valorem Taxation?

The Ad Valorem tax is more commonly known as the property tax. Ad Valorem is Latin for "according to value". It is a tax collected by local governments in order to generate the revenue needed to provide public services. Property subject to this tax is real estate, personal property of a business, and mineral property. The property tax is assessed to the January 1st owner of the property and is based on the market value of the property. The Atascosa Central Appraisal District (ACAD) is responsible for determining the market value. Rules established by the Texas Property Tax Code govern the procedures the ACAD performs.

What is the Atascosa Central Appraisal District?

The Atascosa Central Appraisal District is a political subdivision of the State of Texas created for schools, cities and special districts pursuant to Senate Bill 621, which was passed by the 66th Legislative in 1979. HJR 98, approved by the voters in November 1980 as Proposition 3 on the general election ballot amending Article VIII, Section 18 of the Texas Constitution, was implemented by the passage of HB30 in 1981, which mandated counties to participate in the appraisal district. HB30 became effective August 14, 1981. The ACAD commenced operations in 1981 and, as required by law furnished their first appraisal roll for each taxing jurisdiction within the boundaries of Atascosa County. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A board of directors, appointed by the taxing units within the boundaries of Atascosa County, constitutes the ACAD's governing body. The Chief Appraiser, appointed by the board of directors, is the chief administrator and chief executive officer of the appraisal district.

Who governs the Atascosa Central Appraisal District?

The Atascosa Central Appraisal District is governed by a ten (10) member Board of Directors appointed by the governing bodies of the local taxing entities. The Pleasanton Independent School District appoints two members; the Jourdanton Independent School District appoints one member; the City of Lytle and Lytle Independent School District together appoint one member; the City of Charlotte and Charlotte Independent School District together appoint one member; the City of Poteet and Poteet Independent School District together appoint one member; the City of Pleasanton appoints one member; the City of Jourdanton appoints one member; the County of Atascosa appoints one member; and the Atascosa County Tax Assessor Collector is a non-voting member. The Board's primary responsibilities are to hire a Chief Appraiser, set general policies, approve the ACAD's annual budget and appoint Appraisal Review Board members.

What does Atascosa Central Appraisal District do?

Atascosa Central Appraisal District determines market, productivity, and other special use values of property within the county. The ACAD also administers tax exemptions and maintains property ownerships and mailing address records. This information is used to assess and collect taxes.

What tax entities does the Atascosa Central Appraisal District serve?

ATASCOSA COUNTY

FARM TO MARKET & LATERAL ROADS

EVERGREEN UNDERGROUND WATER DISTRICT

PLEASANTON INDEPENDANT SCHOOL DISTRICT

CITY OF PLEASANTON

JOURDANTON INDEPENDENT SCHOOL DISTRICT

CITY OF JOURDANTON

POTEET INDEPENDENT SCHOOL DISTRICT

CITY OF POTEET

CHARLOTTE INDEPENDENT SCHOOL DISTRICT

CITY OF CHARLOTTE

LYTLE INDEPENDENT SCHOOL DISTRICT

CITY OF LYTLE

KARNES INDEPENDENT SCHOOL DISTRICT

SOMERSET INDEPENDENT SCHOOL DISTRICT

CITY OF CHRISTINE

What services do these entities provide?

These entities provide public services such as education, court systems, road maintenance, police and fire protection, traffic control, medical assistance, and water supplies.

Why do these tax entities need an appraisal roll?

The appraisal roll provides the tax entities with the names of the owners of property subject to the tax and the taxable value of that property. The roll will also reflect any exemptions or special valuations that the property or property owner is entitled to. The tax entity will divide the total taxable value of all the property by the amount of revenue they will need to provide their services. This calculation will determine their tax rate per \$100 of property value.

When and how do these tax entities collect the property tax?

The property tax is based on the market value of property as of January 1st of each year. It is assessed to the owner of the property as of January 1st. However, the tax is not billed until the entity has adopted a tax rate, which is after they have adopted a budget. The tax statements are usually mailed in September or October and the property owner has until the following January 31st to pay the tax. Statements are mailed to the owner of the property unless there is a mortgage on the property and the mortgage company requests the statement. The tax becomes delinquent on February 1st and begins to accrue penalty and interest charges if it has not been paid. Fifteen percent attorney fees accrue after June for years up to 2004. Beginning in 2004, attorney's fees accrue at twenty percent.

Who collects the tax for each entity?

There are several Tax Collectors in the county - the Atascosa County Tax Collector and the City and School Tax Collectors. Listed below are the entities each collects for:

ATASCOSA COUNTY TAX COLLECTOR

Atascosa County
Farm to Market & Lateral Roads
Evergreen Underground Water District
City of Christine
City of Charlotte
City of Poteet
Poteet ISD
Lytle ISD
Jourdanton ISD
Pleasanton ISD

City of Pleasanton

City of Lytle

City of Jourdanton

Charlotte ISD

Karnes ISD

Bexar County Tax Office

Somerset ISD

What is the tax appraisal process?

The tax appraisal is based on the value, ownership and exemption status as of January 1st of each year; however the appraisal process actually begins in August of the year before the appraisal date and ends in January of the following year.

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| August | - | Field appraisers begin re-appraising all property.
Clerical staff begins entering deed transfers. |
| January | - | Clerical staff begins accepting and entering exemptions. |

- March - Appraisal staff reviews sales data and adjusts schedules for market conditions.
- May - Property owners are mailed Notices of Appraised Value.
- June - Appraisal Review Board hears value protests.
- July - Chief Appraiser submits Certified Appraisal Rolls.
- Aug/Sept - Taxing entities adopt tax rates.
- Sept/Oct - Tax collectors mail tax statements.
- January - Last month taxpayers can pay taxes without P&I charges.

4 Phases to Tax Calendar

Appraisal Phase	Jan. 1 – May 15
Equalization Phase	May 15 – July 25
Assessment Phase	July 25 – Oct. 1
Collection Phase	Oct. 1 throughout year

Are appraisers required to have state appraisal license?

Yes. Upon employment with an appraisal district, appraisal personnel must be registered with the Texas Department of Licensing and Regulation (TDLR). Appraisers must be certified as a Registered Professional Appraiser (RPA) by the TDLR within 5 years of registration.

What are the requirements for the RPA designation?

1. Attend classes and successfully complete an exam for the following courses:
 - Basics of Texas Property Tax System
 - Professional Ethics
 - Uniform Standards of Professional Property Appraisal
 - Appraisal of Real Property
 - Income Approach to Value
 - Appraisal of Personal Property
2. Successfully complete a comprehensive four (4) hour exam.
3. Attend classes and successfully complete an exam for the following courses:
 - Analyzing Real Property Appraisal
 - Property Tax Law
 - Mass Appraisal
4. Successfully complete a comprehensive eight (8) hour exam.

To maintain the RPA designation, appraisers must complete 32 continuing education units every 2 years.

What if property owners do not agree with the appraised value?

The property owner may call the appraisal district and request an informal interview with the appraiser. This is a one-on-one meeting in which the owner and appraiser attempt to resolve the disputed value. If they are unable to reach an agreement, the property owner may file a written protest of value. This protest must be filed by May 15th, of each year or within thirty (30) days of notification of the property's value for the current year. The property owner will then be scheduled for a formal hearing before a three (3 - 5) member panel of the Appraisal Review Board (ARB). The members of the board are local citizens appointed by the ACAD's Board of Directors. Both the property owner and the staff appraiser present their evidence and the Board makes the final determination of value. The ACAD has the burden of proof when establishing the property's market value. The ARB determines the value on the preponderance of the evidence presented.

Does the District receive local input about area values?

Yes. The Chief Appraiser has annual meetings with an Ag Advisory Board. This four (4) member Board is appointed by the Chief Appraiser and provides the ACAD with information concerning local agricultural production. Property owners may file an application for their property to be appraised at its reduced agricultural value instead of its market value. The reduced land value is based on the property's capacity to produce crops, livestock or qualified wildlife. The information provided by the members of the Ag Advisory Board allows the ACAD to determine productivity values for qualifying property.

Can property owners qualify for other reductions in value?

Yes. Homeowners can qualify for a reduction in the taxable value of their principal residence by filing a Residential Homestead Exemption, an Over 65 Exemption, a Disability Exemption or a Service Connected Veteran's Disability Exemption. These exemptions exempt a portion of the property's value from taxation.

Valuation Approach

Area Analysis

Data on regional economic forces such as demographic patterns, regional locational factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are analyzed from private vendors and public sources and provide the field appraiser a current economic outlook on the real estate market. Information is gained from real estate publications and sources such as continuing education in the form of IAAO and TDLR approved classes and various seminars.

Neighborhood and Market Analysis

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis is conducted on each of the political entities known as Independent School Districts (ISD).

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A "neighborhood" for analysis purposes is defined as the largest geographic grouping of properties where the property's physical, economic, governmental and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood has been identified, the next step is to define its boundaries. This process is known as "delineation". Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of discernible patterns of growth that influence a neighborhood's individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce population shift from older homes to newer homes. In the period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, in the stage of equilibrium, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand of desirability. During decline, general property use may change from residential to a mix residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the ACAD. All the residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhoods are field inspected and delineated based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted. Sales ratio analysis, discussed below, is performed on a neighborhood basis.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. 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 reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. As an example, it may be determined in a transition area that older, non-remodeled homes are economic miss-improvements, and the highest and best use of such property is the construction of new dwellings. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population or properties.

Valuation and Statistical Analysis

Cost Schedules

All residential parcels in the ACAD are valued from identical cost schedules using a comparative unit method. The ACAD's residential cost schedules have been customized to fit Atascosa County's local residential building and labor market. The cost schedules are reviewed regularly and accounted for in the mainframe benchmark cost system.

Sales Information

Sales information is crucial to the appraisal process. The ACAD mails Sales Verification letters to all property owners who have purchased property. Response to these letters is strictly voluntary on the property owners part. ACAD also attempts to obtain sales data from outside sources such as deed information, real estate agents, fee appraisers, developers and property tax agents. This information is stored at the individual account level. Some sales information is received from confidential sources. The sales data is then compiled into sales ratios and used to actively analyze the local market within Atascosa County.

Land Analysis

Residential land analysis is conducted by the appraisers. The appraisers develop a base lot, primary rate, and assign each unique neighborhood to a land table. A computerized land table file stores the land information required to consistently value individual parcels within neighborhoods. Specific land influences are used, where necessary, to adjust parcels outside the neighborhood norm for such factors as view, shape, size, and topography, among others. The appraisers use abstraction by allocation method to ensure that the land values created best reflect the contributory market value of the land to the overall property value.

Statistical Analysis

The appraisers perform statistical analysis annually to evaluate whether values are equitable and consistent with the market. Ratio studies are conducted on each neighborhood in the ACAD to judge the two primary aspects of mass appraisal accuracy, level, and uniformity of value. The level of appraised values is determined by the weighted mean for individual properties within a neighborhood, and a comparison of neighborhood weighted means reflect the general level of appraised value.

Every neighborhood is reviewed annually through the sales ratio analysis process. The first phase involves neighborhood ratio studies that compare the recent sales prices of neighborhood properties to the appraised values of these sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the sales. The appraiser, based on the sales ratio statistics and designed parameters for valuation update, makes a preliminary decision as to whether the value level in a neighborhood needs to be updated in an upcoming reappraisal, or whether the level of market value in a neighborhood is at an acceptable level.

Market Adjustment

Neighborhood or market adjustment factors are developed from appraisal statistics provided from ratio studies and are used to ensure that estimated values are consistent with the market. The ACAD's primary approach to the valuation of residential properties uses a hybrid cost and sales comparison approach. This type of approach accounts for neighborhood market influences.

The following equation denotes the hybrid model used:

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

Whereas, the market value equals the market adjustment factor times the land value plus the replacement cost new less depreciation. As the cost approach separately estimates both land and building values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values are needed to bring the level of appraisal to an acceptable standard; however, the low market prices in some areas of the county preclude the adoption of current cost values. Depreciation factors would be excessive given the condition of the structure. Market or location adjustments are applied uniformly within neighborhoods to account for locational variances between market areas or across a jurisdiction. If a neighborhood is to be updated, the appraiser uses a market ratio study that compares recent sales prices of properties within a delineated neighborhood with properties' actual cost value. The calculated ratio derived from the sum of the sold properties' cost value divided by the sum of the sales prices indicates the neighborhood level of value based on the unadjusted cost value for the sold properties. This cost-to-sale ratio is compared to the appraisal-to-sale ratio to determine the market factor needed to trend the values obtained through the cost approach closer to the actual market evidenced by recent sales prices within a given neighborhood. The sales used to determine the market adjustment factor will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The market adjustment factor calculated for each update neighborhood is applied uniformly to all homogeneous properties within a neighborhood. Once the market trend factors are applied, a second set of ratio studies is generated that compares recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the appraiser judges the appraisal level and uniformity in both update and non-update neighborhoods, and finally, for the school district as a whole.