

**TYLER COUNTY APPRAISAL DISTRICT**

**2021 - 2022**

**REAPPRAISAL PLAN**

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**Approved, August 11, 2020**

Page for resolution

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## Preface

As the world is facing the COVID-19 pandemic, so too, has it trickled down to Tyler County, Texas. This is a disease that has affected every aspect of our lives. Without question, in our lifetime, there has not been a medical environment overtake every other environment in which we live, work, play, invest, and are educated. And we still live in the unknown...with the coronavirus.

Our office has responded on the side of caution to hopefully prevent the spread of the disease to and from others. We will continue to do so, while at the same time provide service to the public. We social distance, wear masks, and respond to testing closely related to the employees.

As of this writing, we have had a total of 112 positive tests, with 37 active, 73 recovered, and two deaths. Over one-half of the activity has just been in the last few weeks.

The outside field appraisers also must exercise care not to expose or be exposed to the citizens we may encounter. Because the field work requires communication with property owners when they are at home, while our interaction is limited. Within the current environment, it is our intention for the appraisers to perform maximum productivity possible, acknowledging it is likely to be slowed.

Some believe this pandemic to be a hoax. Some believe the problem will end after election day. Some believe taking preventive measures is not necessary. But there are also some who believe just the opposite. For me, when one of our citizens dies, they're not just a statistic, they're not just a "46 year old male" or a "27 year old female", they're someone's son, mother, daughter, brother, father, sister, or a fellow employee.

Unless and until the data shows a significant improvement with a downward trend, we will continue to treat this seriously. However, I have been sensitive to our citizens experiences, and I have extended various deadlines when I could, and will continue to do so within my legal latitude.

The information presented in this Plan is subject to change.

Praying for our Health and our Nation,

David Luther, Chief Appraiser  
Tyler County Appraisal District



## **Mission Statement**

We will provide quality service with the highest standards of professionalism, integrity, and respect. We will uphold these standards while providing an accurate, fair, and cost-effective appraisal roll in compliance with the laws of the state of Texas.

## **Goals**

The Tyler County Appraisal District will appraise all properties within its jurisdiction within USPAP standards.

The Tyler County Appraisal District will appraise all properties in a uniform and equitable manner.

The Tyler County Appraisal District will update applicable appraisal roll ownership records to within one month of the recording date at the County Clerk's Office.

**NOTE: Due to the COVID-19 pandemic, the Reappraisal Plan is subject to safety and preventive measures as may be necessary.**

## Introduction and Overview

The Texas Constitution contains the laws that form the foundation for the Texas Property Tax Code (PTC). The Tax Code provides an annotated and cross-referenced version of the tax laws that govern property tax administration in Texas. The provisions contained in the Texas Constitution, the Texas Property Tax Code, related case law, and Attorney General's opinions, serve as the primary sources of law that govern the activities of the Tyler County Appraisal District (referenced as TCAD, or Tyler CAD, or District). Further, in Texas, ad valorem tax administration is subject to all state, county, and municipal laws.

Tyler CAD records were initially constructed from property data obtained originally from Tyler County, Woodville ISD, Chester ISD, Colmesneil ISD, Spurger ISD and Warren ISD in 1980. Data received was on-site field-inspected and revised to create the foundation for our current database. Since the inception of the Tyler County Appraisal District, this database has been continually updated to recognize the current status of the property records.

Tyler CAD subscribes to the Standards established by the International Association of Assessing Officers (IAAO) in the mass appraising of property for the purpose of ad valorem taxation. In addition, TCAD is guided by the principals set forth in The Appraisal Foundation's "Uniform Standards of Professional Appraisal Practice" frequently referred to as "USPAP or USPAP Standards". USPAP Standards and Statements are included in this Reappraisal Plan.

Tyler County includes approximately 937 square miles or nearly 599,000 acres of real property. Approximately there are 926 square miles of surface land and about 11 square miles of surface water. Almost 540,000 acres these acres are subject to appraisal by the District, primarily consisting of taxable surface area within its jurisdictional boundaries. TCAD is responsible for the appraisal of all classes of taxable property located within those boundaries. This appraisal responsibility encompasses 26,852 real property accounts; and more than 10,065 oil & gas accounts; and 672 local business personal property accounts; 508 industrial and utility accounts.

TCAD employs an outside appraisal firm, Capital Appraisal Group, LLC (Capitol Appraisal) to appraise minerals, oil and gas, utilities and various other complex properties located within TCAD's jurisdiction. Capital Appraisal appraisers are also guided by the principles set forth in USPAP.

The District serves 19 taxing units. Those taxing units consist of eight (8) emergency services districts, five (5) independent school districts, two (2) cities, two (2) water districts, one (1) county; and one (1) hospital district.

In appraising property for ad valorem tax purposes, the Tyler CAD employs generally accepted appraisal methods and techniques. TCAD appraises and analyzes values utilizing the three approaches to value: the cost, market, and income approaches.

## **Approaches to Value**

Value occurs in many different forms. Numerous and varied forces and influences combine to create, sustain, or destroy value. The appraiser must define the type of value sought in order to compile and analyze all relevant data while giving due consideration to all factors which may influence value. The appraisal is simply an opinion of value and the accuracy and validity of the opinion can be measured against the supporting evidence from which it was derived along with its accuracy against the actual behavior of the market. An appraiser must adequately and fully obtain, document, and then interpret the evidence into a final estimate of value.

Appraising real property is an exercise in reasoning. It is a discipline, and, like any discipline, it is founded on fundamental economic and social principles. From these principles evolve certain premises which, when applied to the valuation of property, explain the reaction of the market. This section concerns itself with those concepts and principles basic to the property valuation process. One cannot overstate the necessity of having a workable understanding of them.

The processing of data into a conclusion of value, generally takes the form of three recognized approaches: Cost, Market, and Income Approaches to Value. Underlying each approach is the principle that the justifiable price of a property is no more than the cost of acquiring and/or reproducing an equally desirable substitute property. The use of one or all three approaches in the valuation of a property is determined by the quantity, quality, and accuracy of the data available to the appraiser.

### **The Cost Approach to Value**

The Cost Approach to Value is an appraisal analysis that is based on the economic principle of substitution. That principle suggests that an informed purchaser would not pay more for a property than the cost of reproducing a substitute property with the same utility. The Cost Approach involves estimating the cost of the improvements new, less all forms of depreciation (physical, functional, and economic), plus the value of the site. If an improvement has no accrued depreciation, then and only then, is cost equal to value.

Steps in the Cost Approach include:

1. Estimate the value of the site as if vacant
2. Estimate either reproduction or replacement cost new of the improvements
3. Estimate accrued depreciation
4. Deduct the accrued depreciation from the reproduction (or replacement) cost new to obtain an estimate of the present worth of the improvements
5. Add the present worth to the site value to obtain the indicated value.

The significance of the Cost Approach lies in its extent of application - it is the one approach that can be used on all types of properties. The cost approach is a starting point for appraisers and therefore an effective “yardstick” in any equalization program for ad valorem taxes. Its widest application is in the appraisal of properties where lack of adequate market and income data preclude the reasonable application of the other two approaches to value.

*1 Reproduction cost is the cost to construct an exact duplicate at current prices.*

*2 Replacement cost is the cost to construct a building of equal utility to the building being appraised but with modern materials and according to current standards.*

### **The Market Approach to Value**

The Market Approach to Value is an appraisal analysis that involves the compiling of sales and offerings of properties that are comparable to the property being appraised. The sales and listings are then adjusted for differences and a value range obtained. The Market Approach is reliable to the extent that the properties are comparable, and the appraiser's judgment of property adjustments is sound. The procedure for utilizing this approach is essentially the same for all types of property with the only difference being the elements of comparison.

The significance of the Market Approach lies in its ability to produce estimates of value that directly reflect the attitude of the market. Application is contingent upon the availability of comparable sales, and therefore finds its widest range in the appraisal of vacant land and residential properties.

### **The Income Approach to Value**

The Income Approach to Value is an appraisal technique that measures the present worth of the future benefits of a property. This is achieved by capitalization of the net income stream over the remaining economic life of the property.

The Income Approach involves making an estimate of "effective gross income" which is derived by deducting vacancy and collection losses from the estimated economic rent, as evidenced by comparable properties. Operating expenses, taxes and insurance, and reserves for replacements are deducted from the effective gross income. The resultant net income is capitalized into an indication of value.

The Income Approach obviously has its basic application in the appraisal of properties universally bought and sold for their ability to generate and maintain an income stream. The effectiveness of the approach lies in the appraiser's ability to relate to the changing economic environment and to analyze income yields in terms of their relative quality and durability.

In theory, the market value of a property should be equal to the present value of its future income. The simplest capitalization formula is  $V = I/R$  (present value of the property = annual net income expected in the future divided by the rate [interest, risk, or discount rates]). For an asset that declines in value over time, the appropriate capitalization formula is  $V = (I/R) [1 - 1 / (I + R) N]$  where N equals the number of years that the asset will be in use. The resultant capitalization rate is the hoped-for or expected rate of return. It is the rate necessary to attract capital to the investment.

Section 23.012, PTC requires the chief appraiser, when using the income approach, to:

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

5. In developing income and expense statements and cash-flow projections, the chief appraiser shall consider:
  - a. historical information and trends;
  - b. current supply and demand factors affecting those trends; and
  - c. anticipated events such as competition from other similar properties under construction.

Tyler CAD predominately utilizes a hybrid form of the cost and market approaches combined to form the basis of its improvement schedules. TCAD obtains market data when available and compares that data with cost data obtained from recognized sources such as *Marshall & Swift Valuation Service (M&S)* for residential and commercial properties, and *National Automobile Dealers Association (NADA)* for manufactured homes. It is typical for property owners in Tyler County to invoke their right of non-disclosure, which can make it difficult for TCAD to maintain equitable schedules without the use of these cost evaluator services. Typically, within TCAD's jurisdiction, new construction is in the form of individual structures on private land. When current and relevant income information is made available to Tyler CAD regarding specific commercial or income producing properties, it is considered as well.

## **Legal Requirements**

The Tyler County Appraisal District has long maintained a plan for the reappraisal of properties located within its jurisdiction. However, during the 79<sup>th</sup> Regular Session, the Texas Legislature added the following provision to Section 6.05, PTC per S.B. 1652.

Texas Property Tax Code, Subchapter A, Section 6.05, paragraph (i) reads as follows:

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

This provision requires the appraisal district's board of directors to develop, approve, and distribute a new biennial written reappraisal plan every even-numbered year that will go into effect beginning every odd numbered year. The law went into effect September 1, 2005 and directly affects appraisal districts and the Comptroller's Property Tax Assistance Division (PTAD).

This document shall serve as the biennial written Reappraisal Plan (the Plan) as described above for the Tyler County Appraisal District.

## **Reappraisal**

The specific requirements for an appraisal district's periodic reappraisal of all property located within its jurisdiction is listed in the Texas Property Tax Code in Section 25.18. Periodic Reappraisals. The Tyler County Appraisal District's intended plan of compliance for each requirement is listed below the excerpt from the code.

### **§ 25.18. Periodic Reappraisals**

- a) ***Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05(i).***
  
- b) ***The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:***
  - 1) ***identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches.***

The Reappraisal Plan for Tyler CAD is to appraise all real property accounts at least once every three years utilizing physical on-site inspection, drive-by viewing and/or aerial photographs. Tyler CAD annually appraises business personal property, as well as mineral/utility properties by on-site visits, BPP renditions and other mandated reports.

This Reappraisal Plan is being submitted as a tool to help identify and outline the necessary work required to complete appraisals / reappraisals of the properties located within Tyler County. Detail lists/maps are provided in Addendum A of this Plan. As progression is made into the actual reappraisal process, the Chief Appraiser may modify the Reappraisal Plan as necessary to meet the needs and requirements for the District as set forth in the Texas Property Tax Code.

For both years **2021** and **2022**, they are both 'reappraisal years'. Because of lost productivity from 2017 through 2020, TCAD plans to perform reappraisal activities in all three Work Areas I, II, and III; which encompasses all five school districts - *Woodville ISD; Chester ISD; Colmesneil ISD; Warren ISD; and Spurger ISD*, with primary emphasis in 2021 in *Warren ISD*. Reappraisal activities has most recently been conducted in *Woodville ISD, Chester ISD*, and a portion of *Colmesneil ISD*.

For the properties covered by this Reappraisal Plan, there will be a physical inspection of each property included on the list and/or map kept by the appraisal supervisor. In cases where physical access is denied or impossible, TCAD will use other methods listed above such as aerial photographs, especially agricultural, ranch, timber, and other applicable properties.

Newly installed manufactured homes throughout the TCAD's jurisdiction will be appraised and added to the appraisal roll. These properties will fall into the categories of A (residential/mobile homes), E (farm and ranch improvements), or M (mobile homes in mobile home parks). TCAD downloads copies of the installation reports from the *Texas Department of Housing and Community Affairs (TDHCA)* website and receives reports from various mortgage companies regarding newly installed manufactured homes.

Tyler CAD also receives information regarding manufactured homes via physical inspection during field checks and information from taxpayers. There will be a physical inspection of each newly installed manufactured home property. In cases where physical access is denied or impossible, TCAD will use other methods listed above such as aerial photographs in addition to cost/value information obtained from the National Automobile Dealers Association (NADA) *Manufactured Housing Cost Guide*.

Properties outside of this year's reappraisal area that are currently receiving special use valuations due to productivity will be adjusted per current productivity value schedules. Properties outside this year's reappraisal area that file new applications for special use valuation will be reappraised in the current year.

**(2) *identifying and updating relevant characteristics of each property in the appraisal records.***

Identifying and updating relevant property characteristics occurs by physical inspection, building permit information provided by the Cities of Woodville & Ivanhoe and Wildwood Property Owners Association, and by property owner interviews.

Changes in age, condition, quality, size, remodels, demolitions, and other property specific attributes contribute to relevant property characteristics. Relevant property characteristics are maintained on the property record card and within the District's "*Computer Aided Mass Appraisal*" (generically referred to as *CAMA* but in TCAD specifically referred to as "**PACS**" for Property Appraisal and Collections System, a mass appraisal software product of Harris Govern, formerly known as True Automation) for each property account. Any special attributes, legal or economic in nature, are noted during the field inspection process as well.

When performing field work, the appraiser carries printed property record cards that contain specific information regarding the property being appraised. These items contain legal descriptions, ownership interests, property use codes, property addresses, land size, sketches of improvements as well as any available detailed information of the improvements.

A copy of a property record card may be obtained at the appraisal office. Field inspections require the appraiser to check all information on property record cards (PRC) and to update, as necessary.

Appraisers have recently migrated to using iPads as field devices in place of PRC. If physical inspection of the property indicates that changes to improvements or land segments are necessary, the appraiser notes these changes on the record card, or the iPad, and the changes are made to the PACS account in the office or in the field, respectively. Examples of types of changes may be condition or effective age of the improvements, as well as, additions to the improvements. The classification of residential properties is also reviewed during the reappraisal process. New improvements are added and the appraisal date for the property is updated. Photographs of the property are taken and attached to the property account as well as any notes that could influence value.

**(3) *defining market areas in the district.***

Sales data is collected by mailing sales confirmation/verification letters to recent buyers and sellers, from Realtors, fee appraisers and the Comptroller's office. Due to the rural nature of Tyler County, it is often difficult to obtain sufficient sales data to meet USPAP standards for analysis of sales to help determine well-defined market areas, so an exception is noted to USPAP Standard 6 in this area.

However, Tyler CAD views all of Tyler County to be the market area for purposes of classifying and categorizing property within its jurisdictional boundaries; with school district and city boundaries serving as sub-market areas when necessary. These properties include category A (single family residential), category B (multifamily residential), category C (vacant lots), category D (qualified and non-qualified agricultural and timberland), category E (farm and ranch improvements); category F (commercial real); category M (mobile homes in mobile home parks), as well as category O (residential inventory); and category X (totally exempt) properties.

Tyler CAD has five participating school districts and two incorporated cities that levy property taxes. For purposes of statistical analysis and appraisal model schedule maintenance building permits, local builder costs and current M&S and NADA data are used to test the appraisal district's schedules. Tyler County is considered the general market area along with the ISD sub-market areas. When indicated, neighborhood modifiers are applied to specific subdivision codes or other identifiable sectors of the market to reflect the market trends more closely in that area.

**(4) *identifying property characteristics that affect property value in each market area, including:***

- (A) *the location and market area of property.***
- (B) *physical attributes of property, such as size, age, and condition.***
- (C) *legal and economic attributes; and***
- (D) *easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions.***

When Tyler County Appraisal District has sufficient market data (sales) it uses techniques of the Market Approach to Value to adjust comparable sales to determine what differences in property characteristics, if any, are affecting market value.

Comparable sales analysis will identify and adjust differences in location, physical attributes, legal and economic attributes, easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, and legal restrictions. It should be noted that Tyler CAD historically has not received adequate market data to perform the type of ratio analysis recommended by IAAO and USPAP.

***(5) developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics.***

As previously noted, Tyler CAD utilizes an appraisal model called a *computer-aided mass appraisal* system or more commonly known as a *CAMA* system. These *CAMA* systems are commercially developed and marketed nationally and internationally by software vendors. *CAMA* systems value individual property characteristics based on their contributory value to the total property value. Contributory value for each property segment (characteristic) is determined by sales analysis (when available), as well as, local building costs and M&S cost data. The model accesses cost schedules for each segment developed and maintained by Tyler CAD and calculates a total market value for each property. The Tyler CAD *CAMA* system is called ***PACS***.

***(6) applying the conclusions reflected in the model to the characteristics of the properties being appraised; and***

Tyler CAD uses conclusions reflected in appraisal model results to construct and maintain property classification guides identifying minimum property characteristics typical for each property class. These guides are available in the Appraisal Manual in addition to the TCAD Field Appraisers Guide.

***(7) reviewing the appraisal results to determine value.***

Tyler CAD tests the results of its appraisal model values (appraisals) against market data (sales) when available. TCAD also tests its values against local building costs, current M&S and NADA cost data to determine the accuracy and level of appraisal, as well as, to monitor the integrity of the appraisal model (PACS). Results are used to maintain and update appraisal schedules to achieve market value appraisals.

## **Appraisal**

It shall be the policy of Tyler CAD that there is a single distinct appraisal on each property every year. The legal requirement to submit the appraisal records under oath each year establishes each appraisal of each year of each property. The act of appraisal performed by the chief appraiser under statute by submitting and certifying the appraisal records distinguishes one year from another. Unlike a reappraisal, the annual appraisal is anew. They are uniquely different.

Reappraisal, on the other hand, is a directive to make sure every property is up-to-date or current. It is required at least once within each three-year period. Reappraisal is a function of an appraisal. A reappraisal is not submitted or certified. It is a tool that leads to the “act of appraisal” by the chief appraiser.

This distinction is important to understand when administering other parts of the Tax Code.

## **Resources**

Staffing and budget requirements for the current calendar/tax year 2020 are detailed in the 2020 Tyler CAD Budget, as adopted by the Tyler County Appraisal District Board of Directors. The 2021 Budget for the 2021 Fiscal Year has been proposed and is scheduled for hearing and adoption at the same time as this Reappraisal Plan. Existing assessment functions and appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current are specified. This reappraisal plan is proposed on the available staffing and resources, both current and anticipated, as of the time it was approved by the TCAD Board of Directors and submitted to the Comptroller’s Property Tax Assistance Division. Staffing will impact the cycle of real property re-inspection and personal property on-site reviews that can be accomplished in the 2021-2022 time-period.

### **Staff**

Currently, the Tyler CAD staff consists of: the chief appraiser; the appraisal supervisor, three (3) field appraisers (one vacant due to serious illness), an office manager who also serves as the Board of Directors and Appraisal Review Board secretary, a GIS specialist/computer technician and four (4) clerks/support personnel. The five appraiser-function personnel are required to register with the State TDLR appraiser licensing agency.

In a major budget shift, the 2021 Budget provides for a fourth field appraiser, bringing one-half the employees as TDLR-registered appraisers. Currently, all TDLR-registered appraisers at TCAD hold the Registered Professional Appraiser certification.

TCAD does not provide collection services; however, TCAD provides assistance with assessment and technical support to the taxing units it serves.

## **Appraisal**

TCAD appraisers are actively involved in the discovery, listing, and appraisal of all types of property. Properties are grouped by location, type, use, quality, and a variety of other quantitative data elements. A common set of data characteristics on each specific type of property is observed, listed, and collected during field inspection. Each appraiser is trained in the use of the Tyler County Appraisal District's appraisal manual, appraisal techniques, and methodology in the use of this information.

## **Computer**

Tyler CAD solicited proposals in 2017 for a CAMA system, including conversion, implementation, and support. Upon recommendation of the Chief Appraiser, the TCAD Board of Directors selected and approved awarding the contract to Harris Govern, the owner of the True Automation-developed PACS system, commonly referred to as "PACS" which stands for "Property Appraisal and Collections." Harris Govern is installed in over one-half of Texas' 253 appraisal districts. Tyler CAD also contracts with Harris Govern for appraisal administration software. This software is the foundation of TCAD's appraisal system.

Because of un-expected delays in the implementation of the new system and conversion of data, most of the 2018 reappraisal work productivity pretty much was halted. TCAD will be at full productivity going into the 2021 tax year, with an additional appraiser added to the team.

Tyler CAD utilizes ESRI ArcMap for its Geographic Information System (GIS) mapping system. TCAD employs the use of a computer network comprised of two (2) network server computers and 16 desktop personal computers to form the Tyler County Appraisal District computer network system (the "network"). PACS is such that data is collected in the field and entered via Windows-based workstations, and saved on the TCAD server; however, the appraisers are now equipped with iPads as field devices which allows the data to be entered "real time".

PACS contains cost and depreciation schedules that utilize common data elements to assist in creating base values. The records are stored on Dell PowerEdge T630 and Dell PowerEdge T320 servers, as well as, an offsite cloud server. External backups are made daily at two separate remote sites – BIS Consulting and Harris Govern.

Further, most of the Tyler CAD appraisal database is available to the public via the Internet at ***www.tylercad.net***. This service provides instant access to individual property information including homestead, ownership, address, and related appraisal and map data. This information includes square foot of living area, land size, age, improvement class, construction type, and a variety of other useful information and is updated several times during the appraisal/tax year. But, as dictated by law, there are no photos or sketches of properties available to the public via our Internet site. During the protest season, resident homeowners may file their protests electronically using the TCAD Website.

## **Mapping**

The Texas Property Tax Code and Comptroller Rules require each appraisal district to establish and maintain a system of tax maps. A complete set of maps is indispensable in the appraisal process. Maps enable appraisers to locate each real property parcel, identify its size and shape, and determine its relationship with factors that affect its value. Maps also serve to display market and statistical data, appraisal comparisons, and land appraisals and are valuable when presenting evidence in court. Once developed and maintained, maps are also useful to taxing units in the district for items such as fire and police protection, street, or road identification, voting precincts, and school bus routes.

TCAD uses an advanced version of mapping software called ArcMap, creating TCAD's Geographic Information System (GIS). This state-of-the-art software is published by ESRI of Redlands California. TCAD maintains an accurate set of maps and related data. This is a computer-based mapping system that is available on all the computers used by the appraisal and mapping departments. The current GIS system consists of a server and 14 user licenses. At this time, 100% of Tyler County is entered into ArcMap. Systematic and continual updating is necessary as parcel ownership changes (including complete ownership transfers, partial sales, and combinations of adjacent properties). Tyler CAD Mapping Department changes the parcel maps accordingly once that information is received.

Tyler CAD contracted with Pictometry, owned by Eagleview, to obtain new aerial "oblique" imagery coverage of Tyler County, flown in early January of 2018. Tyler CAD received funding for one-half of the base-cost for the project from the Deep East Texas Council of Governments (DETCOG) – the regional planning commission for a local 13-county area of Southeast Texas formed to administer many State and Federal grant programs. Tyler CAD would not have been able to fund the project without the assistance. The second scheduled flight is set for December 2020 to January 2021. The new images should be available as early as late January 2021. DETCOG has already deposited funds to again cover one-half the base cost,

Pictometry is used to assist in the mass-appraisal process. It is an aerial image capture process that produces imagery showing East, West, North, and South images of properties including improvements. Pictometry can incorporate Tyler CAD's maps into their programming and can also be incorporated into Tyler CAD's PACS software – overlaying data in either application. It offers many advantages, one of which give the appraisal staff the ability to measure all aspects of improvements, including height, length, width, distance, elevation, and bearings.

## **Information Sources**

Tyler CAD appraisal staff and administration collect data on local and regional economic forces that may affect value. Locational forces are carefully observed as we find location to be the most significant factor in determining the market value of property in our geographic area. General trends in employment, interest rates, availability of vacant land, and new construction are monitored. TCAD obtains information from local Realtors, mail surveys, brokers, appraisers, and other sources like the TAMU Real Estate Center.

## **Planning, Appraising and Assigning Value**

### **Real Property**

#### ***Planning***

Tyler CAD engages in a variety of activities designed to discover additions, deletions, and changes to data elements of the property within its jurisdiction. By gathering information from aerial photo comparisons, employee field reviews, property owners, county deed records, subdivision plats, renditions, exemption and special use applications, reports of value, manufactured housing ownership and location reports, building permits, and local news publications and realty listings, among other sources, properties are coded for reappraisal and/or field inspection.

#### ***Appraising***

Property inspections or drive-outs occur throughout the county because of the information gathered regarding the discovery of new or changes to existing taxable property. Data collection in the field requires preparation of maps, computer generated appraisal cards, and coordination of staff. Properties are grouped by type, location, and neighborhood prior to the start of the fieldwork. For real property accounts, the appraisers inspect the property and compare the current physical characteristics of the land, as well as, any improvement(s) such as foundation type, exterior and roof covering, square footage, heating and cooling elements, quality of construction, and overall condition and use of the property, with what is listed on the appraisal roll and make adjustments and/or changes as necessary.

#### ***Assigning Value***

This new information is then entered into PACS. The new property appraisal is then compared to current property classification models and depreciation schedules to check for accuracy in appraisal and value.

## **Personal Property**

### ***Planning***

All income-producing business personal property located within the district boundaries is subject to tax. Business owners are required by Texas Law to render their business personal property each year. Each January, Business Personal Property Rendition forms for every active personal property account is printed and mailed to the property owners. A letter is included with the rendition form that provides notice to the property owners regarding the regulations for filing renditions. For on-site inspection of personal property accounts, the personal property appraiser runs an appraisal query for those personal property accounts to be appraised.

The appraisal record contains the following information concerning the property characteristics: 1) Account Number; 2) Owner name; 3) Legal description; 4) Taxing entities for which the property is located; 5) Account Number for the Corresponding Real Property Account; 6) Physical location of the property (or local home office situs); 7) Property Use and/or SIC Code; 8) Rendered Value; and 9) Value of personal property by type.

### ***Appraising***

Property owners have until April 15<sup>th</sup>, or May 15<sup>th</sup> if extension of time to file was requested in writing, to complete the forms and render their estimate of value. The CADs personal property appraiser reviews and enters the returned information into PACS. Rendered values are often used as the basis for the CAD value if the value rendered is reasonable for the type of business and within acceptable ranges when compared to the TCAD or M&S personal property schedules.

Should the property owner fail to render the property, or if the rendered amount does not fit acceptable ranges, then the CAD schedule or the M&S schedule is used to value the property. When the appraiser makes an on-site inspection of the property to verify the information contained on the appraisal record, any discrepancies between the information contained on the record and the actual information obtained from the on-site inspection are noted.

During the field inspection process, if an appraiser discovers a business that is not currently on the appraisal roll, on-site inspection is made, the necessary information on the business characteristics is noted. If during the field inspection process, an appraiser discovers that a business is no longer in operation, the appraiser attempts to verify the date of closure. If the business was closed prior to January 1, the account is coded as inactive for the current year. If however, the business was in operation as of January 1, the account is not coded as inactive until the subsequent year.

### ***Assigning Value***

Depreciation of the property is determined by the age of the property and its expected life. Valuation and depreciation schedules are included in the TCAD Appraisal Manual. Business vehicles are valued based on National Auto Dealers Association (NADA) and Kelley Blue Book Used Car Guide (KBB) trade-in value for the make, model and age of the vehicle. Tyler CAD also uses a report obtained from InfoNation Inc. to determine ownership, make, model, and vehicle characteristics to determine KBB trade-in value. Once rendered or site inspection data is entered into PACS, it will be calculated using TCAD's depreciation tables and the TCAD's taxable value will be produced. Any new account records are created in PACS for new businesses as necessary. Closed businesses are coded as inactive for the current year or noted for coding for the subsequent year.

A file folder is maintained in alphabetical order for each personal property account. This file contains all the information relating to the account including correspondence, renditions, copies of changes made to the accounts, etc.

Tyler County Appraisal District contracts with an outside appraisal firm, Capital Appraisal Group, Inc. (CAGI) for the appraisal of certain properties. These properties include minerals, oil and gas, utilities and various other complex properties located within the CADs jurisdiction. CAGI appraisers are also guided by the principles set forth in USPAP and conform to the Texas Property Tax Code.

## **Utility, Railroad and Pipeline Property**

### ***Planning***

Per the Tax Code §25.18 Subsections (a) and (b):

- (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 all utility and pipeline property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, Inc. (CAGI) to appraise these properties for the CAD.
  - (1) Identifying properties to be appraised: Utility and pipeline properties that are susceptible to inspection and identified by inspection. The appraiser may also refer to other documents, both public and also confidential to assist in identification of these properties.

### ***Appraising***

- (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 and pipeline property tend to be regional or national in scope. Financial analyst and investor services reports are used to help define market areas.

### ***Assigning Value***

- (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: For both types of property, the appraiser must first form an opinion of highest and best use. Among the three approaches to value (cost, income and market), pipeline value is calculated using a replacement/reproduction cost new less depreciation model [RCNLD]. In addition to the RCNLD indicator, a unit value model may also be used if appropriate data are available. Utility property is appraised in a manner similar to pipeline except that the RCNLD model is not used.
  
- (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.

## **Industrial – Real Property**

### ***Planning***

Per the Tax Code §25.18 Subsections (a) and (b):

- (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, Inc. (CAGI) to appraise these properties for the CAD.
  - (1) Identifying properties to be appraised: Industrial properties are identified as part of the appraiser's physical inspection process each year and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.

### ***Appraising***

- (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.

### ***Assigning Value***

- (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: Among the three approaches to value (cost, income and market), industrial properties are most commonly appraised using replacement/reproduction cost new less depreciation models because of readily available cost information. If sufficient income or market data are available, those appraisal models may also be used.

- (5) **Comparison and Review:** The appraiser considers results that best address the individual characteristics of the subject property and that are based on the most reliable data when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.

## **Industrial – Personal Property**

### ***Planning***

Per the Tax Code §25.18 Subsections (a) and (b):

- (a) TCAD 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 all industrial personal property appraised by TCAD. TCAD has a professional services contract with Capitol Appraisal Group, Inc. (CAGI) to appraise these properties for TCAD.
  - (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.

### ***Appraising***

- (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.

### ***Assigning Value***

- (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics. Personal property is appraised using replacement/reproduction cost new less depreciation models. Income approach models are used when economic and/or subject property income is available, and a market data model is used when appropriate market sales information is available.

- (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 more experienced appraisers assists with the review process.

## **Oil and Gas Property**

### ***Planning***

Per the Tax Code §25.18 Subsections (a) and (b):

- (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 all oil and gas property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, Inc. (CAGI) to appraise these properties for the CAD.
  - (1) Identification of new property and its situs. As subsurface mineral properties lie within the earth, they cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these properties. To identify new properties, CAGI obtains monthly oil and gas lease information from the Railroad Commission of Texas [RRC] to compare against oil and gas properties already identified. The situs of new properties is determined using plats and W- 2/G-1 records from the RRC, as well as CAGI's in-house map resources.

### ***Appraising***

- (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. CAGI obtains information to update these characteristics annually from regulatory agencies such as the RRC, the Comptroller of Public Accounts, submissions from property owners and operators, as well as from published investment reports, licensed data services, service for 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.

## ***Assigning Value***

- (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.

## **Property Classifications and Work Area Assignment**

TCAD's property types and classifications conform to the Texas Comptroller's standards. The Comptroller's Property Tax Assistance Division (PTAD) property type categories include:

- A: Single Family Residential
- B: Multi-Family Residential
- C: Vacant Lots and Tracts
- D1: Qualified Agricultural Land (this includes agriculture and timberland)
- D2: Non-qualified land
- E: Farm and Ranch Improvements
- F1: Commercial Real Property
- F2: Industrial Real Property
- G1: Oil, Gas, and Other Minerals Real Property
- J: Utilities Real and Tangible Property
- L1 Commercial Personal Property
- L2: Industrial Personal Property
- M1: Mobile Homes (no land)
- O: Residential Inventory Lots
- S: Special Inventory
- X: Totally Exempt Property

Tyler CAD then groups properties by location within each of our five school districts and further classifies as warranted by neighborhoods, or market areas, within the appraisal district's jurisdictional boundaries.

Neighborhoods are defined by the IAAO as the environment of a subject property that has a direct and immediate effect on value. Tyler CAD performs analysis of properties to determine how physical, economic, governmental, and social forces and other influences may affect property values within subgroups.

The neighborhood concept is used in the grouping of taxable property located in Tyler County, except for some special use properties, to create definable market areas. Some of the market areas within TCAD's jurisdiction include commercial, rural, city, riverfront, recreational lake, gated community and subdivision, to name a few.

Tyler CAD has divided the properties within its jurisdiction into separate work areas. Each field appraiser has been assigned a work area for review and reappraisal of yearly maintenance items, such as additions and deletions, as listed above. Currently, TCAD has three (3) distinct work areas:

- **ZONE 1: Woodville ISD excluding City of Ivanhoe and including City of Woodville**
- **ZONE 2: Chester ISD and Colmesneil ISD**
- **ZONE 3: Spurger ISD and Warren ISD including City of Ivanhoe**

The areas worked included all five school district areas of Tyler County. The reappraisal activity is as follows:

❖ <b>ZONE 1:</b>	<b>Woodville ISD</b>	<b>2017-2018</b>
	<b>City of Woodville</b>	<b>2017-2018</b>
❖ <b>ZONE 2:</b>	<b>Chester ISD</b>	<b>2019-2020</b>
	<b>Colmesneil ISD</b>	<b>2019-2020</b>
❖ <b>ZONE 3:</b>	<b>Spurger ISD</b>	<b>2022</b>
	<b>Warren ISD</b>	<b>2021</b>
	<b>City of Ivanhoe</b>	<b>2021</b>

**IMPORTANT: Tyler CAD lists Warren ISD as the primary reappraisal area for 2021. Maintenance work in all work areas is an annual requirement.**

The reappraisal activities of the areas listed above are not in addition to the planned reappraisal of properties identified under the “Reappraisal” heading found previously in this document. Each work area is further divided into subsets for each of the appraiser’s assignments. These defined areas and assignments are a critical component of this Plan, though they are in a constant state of development and change.

## **Mass Appraisal Report**

Each tax year, the chief appraiser prepares and certifies the mass appraisal report at the conclusion of the appraisal phase of the ad valorem tax calendar (when the appraisal records are formally submitted to the Appraisal Review Board). The written mass appraisal report is intended to meet the criteria as prescribed in USPAP Standards Rule 6-8. In compliance with USPAP Standards Rule 6-9, the chief appraiser signs a certification which is attached to the report.

**APPENDIX A**

**IMPORTANT: Tyler CAD lists all three work areas for the 2021-2022 biennium, with primary work in Warren ISD.**

## **APPENDIX B**

### **General Calendar and Timeline by Property Type**

The following General Calendar and Timeline by Property Type are for broad review and planning purposes. A detail schedule is included as part of this Plan and can be found in Addendum B of this Plan.

### **Calendar of Key Events**

Tyler CAD strives to meet dates and deadlines as prescribed by the Texas Property Tax Code. In order to perform its necessary duties and ensure that all required responsibilities are met, TCAD refers to the following calendar and timeline during the calendar/tax year. This calendar and timeline information is advisory only. Unless otherwise specified, the following dates are target dates, not the actual or specific date the activity will occur. When the last day for performing an act falls on a Saturday, Sunday or legal holiday, TCAD recognizes Tax Code Section 1.06 which designates the deadline as the next regular business day. Tax Code section references are provided where applicable.

#### **Calendar**

##### **January**

**1**

- Date that current year taxable values and qualification for certain exemptions are determined (§23.01, §23.12)
- Date business personal property rendition period begins - continues through April 15<sup>th</sup> for those property owners not requesting a filing extension (§22.23) \*
- Date that half the members of the CAD board of directors begin two-year terms (§6.034)
- Date that half of appraisal review board (ARB) members begin two-year terms (§6.41)

***\*NOTE:** Per Texas Property Tax Code §22.21, each year the comptroller and each chief appraiser shall publicize in a manner reasonably designed to notify all property owners the requirements of the law relating to filing rendition statements and property reports and of the availability of forms.*

**31**

- Last day for chief appraiser to deliver applications for special appraisal and exemptions requiring annual applications (§11.44, §23.43)

## February

1

- Last day for motor vehicle, boat and outboard motors, heavy equipment and manufactured housing dealers to file dealer's inventory declarations (§23.121, §23.124, §23.1241, §23.127)

## March

10

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

## April

1

- Last day (or as soon as practicable thereafter) for chief appraiser to mail notices of appraised value for single-family residence homestead properties (§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 (§26.01)

15

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

30

- Last day for property owners to file these applications or reports with the CAD:
  - Some exemption applications (§11.43)
  - Notice to chief appraiser that property is no longer entitled to an exemption not requiring annual application (§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 (§23.43, §23.54, §23.75, §23.94, §23.9804)
  - Requests for separate listing of separately owned land and improvements (§25.08)
- 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. (§26.01)

## **May**

### **1 through 15**

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

➤

#### **1**

- 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 (§25.19)

#### **15**

- 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 (§22.23)
- Last day (or as soon as practicable thereafter) for chief appraiser to mail denial of exemptions and denial of special appraisal (§11.45, §23.44, §23.57, §23.79, §23.85, §23.95, §23.9805)
- Date (or as soon as practicable thereafter) for chief appraiser to prepare appraisal records and submit to ARB (§25.01, §25.22)

## **June**

### **1**

- Last day for property owners to file protest with ARB (or by 30<sup>th</sup> day after notice of appraised value is delivered, whichever is later) (§41.44)
- Last day for taxing units to file challenges with ARB (or within 15 days after ARB receives appraisal records, whichever is later) (§41.04)
- Last day for religious organizations to amend charters and file new applications for §11.20 exemption (or within 60 days of exemption denial, whichever is later) (§11.421)

### **14**

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

## July

**1**

- Last day for ARBs to complete review of railroad rolling stock values for submission to Texas Comptroller (or as soon as practicable thereafter) (§24.35)

**20**

- Date by which the ARB must approve appraisal records, but may not do so if more than 5 percent of total appraised value remains under protest (§41.12)

**25**

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

## August

**16**

- Deadline for Texas Comptroller to certify final previous year's PVS findings to Education Commissioner and each school district (Comptroller Rule §9.4313)

➤

**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 (§33.011)

## September

**14**

- Last day for CAD board of directors to adopt next year's CAD budget (§6.06)

**15 (even numbered years)**

- Last day for CAD board of directors to approve biennial reappraisal plan (within 60 days of approval, copies of the plan shall be distributed to the presiding officer of the governing body of each taxing unit in the district and to the comptroller) (§6.05i)

**October**

**1**

- Date tax assessor mails current year tax bills (or as soon thereafter as practicable) (§31.01)

**December**

**1 through 31**

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

## Timeline by Property Type

### General Appraisal District Duties

Tyler CAD relies on the cooperation of all departments and employees to keep the district functioning. Some duties and responsibilities benefit more than one aspect of the appraisal process, and ultimately more than just one type of property. Items that are district wide in nature rather than property type specific, those functions will be listed here.

#### ***January through December***

Provide assistance to the public and taxpayers, district field appraisers, realtors, sheriff deputies and police officers, the county commissioners, judges and practicing attorneys, County Clerk, Tax Assessor / Collector and various other local governmental offices in addition to state and federal agencies. Work closely with local surveyors preparing and printing maps containing the information that is mandated for them by the state, while receiving from them the necessary surveys and plats that are needed by this office to keep our information current. Obtain latest oil and gas unit applications and plats for new drilling, recompletes or re-enters from R. W. Byram & Company Statewide Plat Service. Update oil and gas maps on CADs computer mapping system thereby assisting Capitol Appraisal Group, Inc., the CADs professional services contract company, in the appraisal of these properties. Update GIS layers on CAD website.

Enter data for newly filed Appointment of Agent for Property Taxes forms.

Maintain and file with the Comptroller, the Electronic Property Transaction Submission data timely (January 31<sup>st</sup> and July 31<sup>st</sup>).

Review original patent surveys and subdivision plats for omitted properties. Research deed records for ownership information. Consult with and conduct research using Tyler County Title computers to establish title for properties where ownership is uncertain. Update and refresh all map data accordingly. Draw tract(s) based upon field note descriptions and/or plats into the ESRI ArcMap computer mapping system. Populate the polygon with the parcel identification number. Perform update of polygon information to server daily.

#### ***March***

Perform data integrity checks and run reports to detect data entry errors. Generate first run of appraisal notices to be mailed to homestead applicable properties. Perform value reports to check for outlier values, excessive changes in value and homestead caps. After review of various value reports, generate electronic file to be sent to offsite third party printing service for printing of notices of appraised value and mailing on or by April 1st.

Mail Notices of Appraised Value to single-family residence properties currently homestead exemptions.

## ***April***

Confirm that all data entry has been performed. Perform data integrity checks and run reports to detect data entry errors. Generate electronic submission for second run of notices including special use valuation, business personal property, and all other property accounts as required by the Texas Property Tax Code and the districts policies and procedures. Send file to offsite third party printing service for printing of notices and mailing on or by May 1<sup>st</sup>.

## ***May***

Submit appraisal records to Appraisal Review Board for review by May 15<sup>th</sup>, if practicable. Schedule protest hearings for the Appraisal Review Board. Print letters and affidavits for each property scheduled and mail protest packets to property owners or agents.

Generate a point file from information obtained in the current 911 Emergency Address data file integrated with voter precinct boundaries to assist the county clerk in determining correct voting precincts for each registered voter in the county.

Information is provided to the clerk in an excel spreadsheet via electronic submission. Update GIS layers on CAD website.

## ***July***

After Appraisal Review Board approves the appraisal roll and the Chief Appraiser certifies the roll, clerk will furnish data to the Tax Collector and Entities.

## ***August***

Prepare Electronic Appraisal Roll Submission (EARS) and Electronic Property Transaction Submission (EPTS) and submit to Comptroller's office.

## **Real Properties**

The Tax Code dictates that all taxable property is appraised at its market value as of January 1<sup>st</sup> unless otherwise provided for by special exception. However, the appraisal process begins in August of the previous year and continues through May of the tax year.

### ***August 1<sup>st</sup> of previous year through March 31<sup>st</sup> of the current tax year***

Reappraisal of property and addition of new taxable property to the appraisal roll is achieved through field inspection. All appraisers will work together to reappraise properties listed in the "Reappraisal" section of the biennial reappraisal plan. Work files will be created accordingly and the fieldwork and data entry processes will commence. Appraisers will perform field inspections, photo uploads and data entry for recheck and reappraisal properties. Appraisers will run account queries for properties coded for rechecks and reappraisals in their assigned areas, as well as, pull handwritten recheck requests from the folder at the front counter. Review maps and aerial photos for changes such as additional structures and new construction that needs to be added to the appraisal roll, as well as, structures to be deleted.

Note will be taken of properties being granted agricultural or timber valuation that appear to have a change of use and field inspections will be conducted as needed. Mail certified letters to property owners who are being granted agricultural or timber special use valuation where a change of use has occurred or new application is required.

***January through December***

Obtain Deed Transfer from county clerk's office. Look up deeds using NetData link to county clerk's office and print out deeds. Process deeds received via Transfer Lists, CAD front counter and via U.S. mail by making appropriate ownership changes to the appraisal records.

Mail sales questionnaire letters to property owners, as well as, agriculture and timber reset letters when applicable. Review, verify and enter sales data received regarding sold properties.

Mail letters to property owners whose accounts were coded with a homestead removal flag due to ownership changes, address changes, deaths, etc.

Forward deeds with field notes to mapping department to update map data.

***January***

Mail letter to property owners receiving special use appraisal for Wildlife Management requesting annual update on management practices.

Mail homestead removal letter to taxpayers who are receiving homestead exemptions in which the CAD has determined they may no longer qualify.

Download and review manufactured home installation report from the TDHCA website for all manufactured homes installed in Tyler County from August through December of the previous year. Perform research and queries to determine which real property account the new homes were installed on and prepare for field inspections of properties.

Request building permit records for September through December of the previous year from the City of Woodville, the City of Ivanhoe and Wildwood Property Owners Association. Once permit records are received, prepare for field inspections as applicable.

***January through May***

Mail copies of timber applications to contract forester for his review and recommendations. Perform data entry on approved agriculture and timber applications.

***March***

Perform ratio studies on real property. Make adjustments and updates to residential and manufactured home schedules, land schedules, and agricultural and timber schedules as necessary.

***April***

April 30<sup>th</sup> is the deadline for property owners to timely file agricultural and timber special use applications. Conduct field inspections of properties requesting agriculture valuation and verify all the mandatory criteria are met. If the property does not qualify for any reason or if additional information is needed, send letter stating same to property owner via certified U.S. Mail.

Begin working with property owners and agents regarding proposed values and protests filed. Prepare evidence packets for property owners who file protests and request evidence.

***May***

Finish field inspections for properties timely requesting agriculture valuation and verify all the mandatory criteria are met. If the property does not qualify for any reason or if additional information is needed, send letter stating same to property owner via certified U.S. Mail.

Perform data entry on timely filed, approved agriculture and timber applications.

***May through June***

Continue working with property owners and agents regarding proposed values and protests filed. Conduct additional field inspections if necessary. Prepare evidence packets for property owners who file protests and request evidence.

***June through July***

Continue working with property owners and agents regarding proposed values and protests filed. Handle scheduled protests before the Appraisal Review Board.

***August***

Request building permit records for January through July from the City of Woodville, the City of Ivanhoe and Wildwood Property Owners Association. Once permit records are received, prepare for field inspections as applicable.

Download and review manufactured home installation report from the TDHCA website for all manufactured homes installed in Tyler County from January through July.

Perform research and queries to determine which real property account the new homes were installed on and prepare for field inspections of properties.

*(In even numbered years)* Update biennial reappraisal plan to be approved by board of directors and submitted to Comptroller's office and taxing entities.

## **Business Personal Properties**

The Tax Code dictates that a person shall render for taxation all tangible personal property used for the production of income that a person owns or that the person manages and controls as a fiduciary on January 1. However, the physical inspections in the appraisal process begin in August of the previous year and continue through May of the tax year.

### ***August 1<sup>st</sup> of previous year through March 31<sup>st</sup> of the current tax year***

Physical inspection and reappraisal of property when applicable.

### ***January through December***

Post monthly special inventory monthly reports.

### ***January***

Mail rendition forms to all active business personal property account owners. Include letter notifying property owners of the requirements of the law relating to filing rendition statements and property reports.

Mail Special Inventory Declaration and monthly Inventory Tax Statement forms, promulgated by the comptroller, to all motor vehicle and heavy equipment dealers within Tyler CADs jurisdiction.

### ***January 1<sup>st</sup> through April 15<sup>th</sup>***

Receive, review and perform data entry of rendition statements and property reports submitted by property owners. Review, act upon and document, in the appropriate CAMA accounts, requests for extension of time to file rendition statements. Set up new business accounts as needed

### ***February***

Verify that all special inventory dealers have filed their yearly Special Inventory Declarations.

### ***April***

Begin working with property owners and agents regarding proposed values and protests filed.

### ***May***

Complete data entry of rendition statements and property reports submitted by property owners.

Submit any requests for the additional 15 days to file rendition (May 30<sup>th</sup> deadline) to Chief Appraiser for approval/denial. Key any accounts granted additional 15 day extension and mail letters to property owners.

***May through June***

Continue working with property owners and agents regarding proposed values and protests filed. Prepare evidence packets for property owners who file protests and request evidence.

***June through July***

Continue working with property owners and agents regarding proposed values and protests filed. Handle scheduled protests before the Appraisal Review Board.

**Utility, Railroad and Pipeline Properties**

Although valuation is set for either January 1st of the tax year or September 1st of the previous calendar year prior to the current tax year, the appraisal process begins in September of the previous year and continues through August of the tax year.

***September 1<sup>st</sup> of previous year through March 31<sup>st</sup> of the current tax year***

Research and capitalization rate development. For properties valued via the income approach, data is obtained and analyzed for calculation of a capitalization rate appropriate to a specific property type.

***October through December***

Submission of appraisals to the Property Tax Assistance Division (PTAD) of the Comptroller's office and preparation of value defense for any properties included in their ratio study. Defense documentation and appraisal analysis of the PTAD appraisal is prepared and submitted to the appraisal district or the representative of the taxing jurisdictions whichever is appropriate.

***April 1<sup>st</sup> until complete***

Appraisal of properties both market value and taxable value. Deadlines for completion of appraisals and sending out notice of appraised value are based upon individual deadlines set by the appropriate appraisal district. Every effort is made to appraise every property timely so that values can be included in certification. Properties not included in certification are reported to the appraisal district and the appraisal process continues until final value is reached. Supplementing the tax roll with those properties is based upon the timeline established by the appraisal district.

***July 25<sup>th</sup>***

Appraisal roll is certified. Every effort is made to ensure all properties have a final valuation by this date. Exceptions may include properties with late renditions, extensions, or other allowable justifications which preclude final valuation by July 25th.

***July 26<sup>th</sup> through August 31<sup>st</sup>***

Review current tax year methods and procedures, and begin general property classification research for the next tax year. Special reports for the appraisal districts are created at this time as requested.

**Industrial Real and Personal Properties**

Although valuation is set for either January 1st of the tax year or September 1st of the previous calendar year prior to the current tax year, the appraisal process begins in September of the previous year and continues through August of the tax year.

***September 1<sup>st</sup> of previous year through March 31<sup>st</sup> of the current tax year***

Discovery and listing. This includes physical inspection of existing properties to appraise and discovery of potential new properties to appraise. New potential properties are reported to the appraisal district to determine if Capitol Appraisal will value the property for the current tax year.

***April 1<sup>st</sup> until complete***

Appraisal of properties both market value and taxable value. Deadlines for completion of appraisals and sending out notice of appraised value are based upon individual deadlines set by the appropriate appraisal district. Every effort is made to appraise every property timely so that values can be included in certification. Properties not included in certification are reported to the appraisal district and the appraisal process continues until final value is reached. Supplementing the tax roll with those properties is based upon the timeline established by the appraisal district.

***July 25<sup>th</sup>***

Appraisal roll is certified. Every effort is made to ensure all properties have a final valuation by this date. Exceptions may include properties with late renditions, extensions, or other allowable justifications which preclude final valuation by July 25th.

***July 26<sup>th</sup> through August 31<sup>st</sup>***

Review current tax year methods and procedures, and begin general property classification research for the next tax year. Special reports for the appraisal districts are created at this time as requested.

**Oil and Gas Properties**

Capitol Appraisal Group, LLC (CAGI) contracts with Appraisal Districts and other governmental entities to appraise all oil and gas subsurface, producing mineral interests within the purview of the law.

***October through December***

SEC 10(k) data gathered for use in discount rate study.

A base discount rate is developed using the Securities and Exchange Commission (SEC) 10k Standard Measure of Value, before Federal Income Tax (BFIT), for a grouping of Exploration and Production (E&P) companies, and then matching their 10k Standard Measure of Value (BFIT), reserves and costs, through a discounted cash flow (DCF) technique. This reserve and cost match is used with Section 23.175 pricing directives to determine a discount rate necessary to equal the stock and debt value of the companies, as of January 1st for a given tax year. This analysis is calibrated with a WACC for the same companies that are used in the stock and debt analysis. Management determines an appropriate base discount rate to be used.

***January:***

Discount rate study finalized.

***November through March:***

The appraiser commences the annual appraisal cycle with identification of new property and determination of situs.

“Minerals in place” and an estate or interest in the same, are classified by the state of Texas as real property. 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 minerals in place and estates or interests in the same.

CAGL obtains monthly oil and gas lease production information from the Railroad Commission of Texas (RRC) and compares it to existing oil and gas properties already identified and appraised.

New properties are identified in this process by comparing existing data to new information obtained from the RRC.

The appraiser determines the validity of new properties and then determines the situs of these new properties by obtaining plats, W-2/G-1 records obtained from the RRC, and using in-house mapping resources.

***January through March:***

Appraisers begin enter detailed new property information.

Along with RRC lease specific information, the appraiser enters the lease’s legal description, its situs, and detailed lease information obtained from the RRC. This process of discovery and entry into the appraisal system continues year round to identify assessable properties that are obtained because of delays in the RRC reporting system.

***February:***

Comptroller's 23.175 pricing data and market condition factors are obtained and incorporated into the appraisal system.

***February through April***

Properties are appraised and values are posted on the CAG web site for clients, operators and agents to review and submit information.

Appraiser(s) access production declines for leases to be appraised. Based on the appraiser's decline rate analysis and review of previous year's appraisal parameters and current Comptroller pricing data, the estimated value for the current appraisal year is determined.

Preliminary appraised values are available from the CAG web site [www.cagi.com](http://www.cagi.com) following appraiser and supervisor review.

***April through May:***

Preliminary appraisals reviewed.

Appraisers review operating expenses, product prices, new or revised information about production submitted by operators and agents before Notifications of Value are mailed to taxpayers.

***May through July:***

Notified values formally & informally reviewed.

Appraisers work with taxpayers following Notification of Value and continue to review information submitted by royalty owners, operators and agents. The ARB process is part of this review.

# Appendix C – Appraisal of Properties Worked Report