

TYLER COUNTY APPRAISAL DISTRICT



REAPPRAISAL PLAN 2027 and 2028

INTRODUCTION

According to Texas law, appraisal districts must establish a plan for the periodic reappraisal of all property within the boundaries of the district. Please see attached property tax code sections 6.05 and 25.18. In order to comply with state law, the Tyler County Appraisal District set forth and established the following 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 are subject to appraisal by the District, primarily consisting of taxable surface area within its jurisdictional boundaries.

The Tyler County Appraisal District (TCAD) is responsible for the appraisal of all classes of taxable property located within its jurisdictional boundaries. The boundaries include all properties located in Tyler County. TCAD is responsible for the appraisal of approximately (some properties fall into multiple categories):

28,143 real property parcels.

22,028 Mineral Accounts.

1,106 industrial, and other personal property accounts.

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.

TCAD employs an outside appraisal firm; to appraise minerals, oil and gas, utilities, and various other complex properties, appraisers are guided by the principles set forth in the Uniform Standard of Professional Appraisal Practices (USPAP).

In mass appraising property for the purpose of ad valorem taxation, TCAD subscribes to the standards established by the International Association of Assessing Officers (IAAO). In addition, TCAD is guided by the principles set forth in the appraisal foundation's "Uniform Standards of Professional Appraisal Practice" (USPAP). In appraising property for ad valorem tax purposes, the district employs generally accepted appraisal methods and techniques. The District's appraisers conduct mass appraisal utilizing the three approaches to value: the cost, market, and income approaches.

MISSION STATEMENT

The mission of the Tyler County Appraisal District is to serve the citizens, property owners and taxing units of Tyler County with the highest standards of professionalism, integrity, and respect. We will uphold these standards by producing an accurate, complete, and equitable appraisal roll in compliance with the laws of the State of Texas.

We expect excellence in the services that we provide and recognize that excellence shall be achieved through individual and team effort on the part of well-trained, motivated personnel. Accordingly, we are committed to creating and maintaining a work environment that provides and supports innovation and change that is essential to effectively perform in a constantly changing society.

We are also committed to earning and keeping the public's trust and confidence in the work we perform, striving to provide quality services and demonstrating a professional attitude.

The Tyler County Appraisal District's goals are:

- Appraise property at market value in a fair, equal, and uniform manner, adhering to the Texas Property Tax Code, USPAP, and generally accepted appraisal standards.
- Administer exemptions and special use valuation in a fair, equal, and uniform manner.
- Be diligent and proficient in maintaining records on valuation, deed changes, and mapping.
- Operate at the least expense to taxpayers without compromising quality.
- Provide excellent customer service that is accessible, responsive, and transparent.

This professional attitude will include:

1. Always being respectful and courteous
2. Communicating with understandable language
3. Being honest with the people we meet
4. A willingness to correct errors to the extent allowed by law
5. Respecting the taxpayer or entities' concerns or problems
6. Providing comprehensive and accurate information
7. Treat everyone in the manner you would like to be treated

LEGAL REQUIREMENTS

The Texas constitution contains the laws that form the foundation for the Texas Property Tax Code. 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. For the most part, Chapter 23 of the Tax Code defines the Scope of Work required for local property tax appraisals. Appraisals are based on each property's worth or market value as of January 1 of each year. Under the Tax Code, "market value" is defined as the price at which a property would transfer for cash or its equivalent under prevailing market condition if:

1. Exposed for sale in the open market with a reasonable time for the seller to find a purchaser.
2. Both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of enforceable restrictions on its use; and
3. Both seller and purchaser seek to maximize their gains, and neither is able to take advantage of the exigencies of the others.

TAX CODE REQUIREMENT

Section 6.05(i) of the Texas Property Tax Code requires each appraisal district to adopt a written biennial reappraisal plan every two years. Section 25.18 of the Tax Code requires the district to implement the plan.

THE WRITTEN PLAN

Section 6.05 of the Tax Code, is amended by the adding Subsection (i) to read as follows:

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 of the hearing. Not later than September 15 of each even numbered year, the board shall complete its hearings, make 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.

SEC. 25.18 PERIODIC REAPPRAISAL

Subsections (a) and (b), Section 25.18, of the Property Tax Code, are amended to read as follows:

- (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.
 - (2) Identifying and updating relevant characteristics of each property in the appraisal records.
 - (3) Defining market areas in the district.
 - (4) Identifying property characteristics that affect property value in each market each market area, including:
 - (A) The location and market area of the property.
 - (B) Physical attributes of property, such as size, age, and condition.
 - (C) Legal and economic attributes; and
 - (D) Easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions.
 - (5) Developing appraisal models/schedules that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics.
 - (6) Applying the conclusions reflected in the models/schedules to the characteristics of the properties being appraised; and
 - (7) Reviewing the appraisal results to determine value.

TCAD 2027-2028 Reappraisal Plan

Tyler CAD proposes to review, physically, by aerial imagery, or other means, all property every three years. The appraisal opinion of value for all property located in the district is reviewed and evaluated each year. For 2027-2028 tax years, Tyler CAD, within time, weather and budget constraints, will reappraise properties in the county. The county is divided into 5 school districts. Woodville ISD may be divided based on its size. The appraisers will work to complete the reappraisal in each abstract or subdivision within each school district as set forth by the timeline. Personal property, as well as mineral and industrial property, is reappraised annually (see mineral, industrial reappraisal plan). Included is our proposed 2027-2028 work timeline.

TCAD will reevaluate all real property annually by reviewing all appraisal schedules and tables, neighborhood factors and depreciation schedules. **Within time, weather and budget constraints**, it is the District's goal to substantially complete and update inspections of all improved properties excluding industrial improved properties appraised by the appraisal firm on a three (3) year rotating cycle by school districts. These update inspections will include physical inspection or aerial inspection of the properties and updating all attributes and other necessary information. Revisions to cost models, income models, and market models are updated and tested each year.

Cost schedules are tested with market data (sales) to ensure that the appraisal district is in compliance with the Texas Property Tax Code, Section 23.011. Replacement cost new tables as well as depreciation tables are tested for accuracy and uniformity using ratio study tools.

Land tables are updated using current market data (sales) and tested with ratio study tools. Value modifiers are developed for property categories by market area and tested with ratio study tools.

Income, expense, and occupancy data are updated in the income models for each market area and cap rate studies are completed using current sales data when available. The resulting models are tested using ratio study tools.

All personal property will be reappraised annually. Update inspections of personal property may be conducted one or more times per year. Density schedules are updated using data received during previous year from renditions and hearings, if warranted. Valuation procedures are reviewed, modified, and tested.

Mineral and industrial property will be appraised annually by the contract appraisal firm.

APPRAISAL RESOURCES

The TCAD staff consists of the Chief Appraiser, Assistant Chief Appraiser, Appraisal Supervisor, Field Appraisers, and other support type personnel. Currently TCAD does not provide collection services; however, TCAD does provide technical support to the taxing units it serves. The District Board of Directors may consider an appointment of a taxpayer liaison officer in the future.

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.

COMPUTER RESOURCES

The District's appraisal records are maintained using Harris Govern True Automation's PACS appraisal software and a server computer. The PACS software is a CAMA (computer assisted mass appraisal) based system using cost and depreciation schedules for creating values for both real and personal property.

The District provides for public access via the internet to the appraisal district records at <http://www.tylercad.net>. The website provides access to individual property information including ownership, address, and appraisal data.

MAPPING RESOURCES

The District contracts with BIS Consulting to maintain ownership maps electronically using a geographic information system (GIS) of Tyler County utilizing ESRI's products arc-info, arc-viewer and arc-map. Additionally, the District has a license agreement with Eagle View Pictometry International for aerial photography of Tyler County.

INFORMATION SOURCES

TCAD appraisal staff and administration collect data on local and school district economic forces that may affect value. Locational forces are 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 trends are monitored. TCAD obtains information from mail surveys, local realtors, brokers, appraisers, and a variety of other sources, such as Marshall & Swift, the Appraisal Institute, Texas A&M Real Estate Center and local Chambers of Commerce.

THE DATABASE

The TCAD database was constructed from property data obtained originally from Tyler County in 1980. Since the inception of the TCAD, the property records have been continually updated. Property inspections occur as the result of information gathered from various information sources. Building permits, field review, renditions, reports of value, local news publications, tax offices, and the public are but a few of the sources of information considered by staff appraisers during the discovery phase of the appraisal process. Information from building permits is compiled from local taxing units and entered into our CAMA system.

Data collection in the field may require preparation of maps, computer generated appraisal cards, mobile data and coordination of the appraisal staff. Properties are grouped by location and neighborhoods prior to the start of the fieldwork. State Property Tax Assistance Division (PTAD) property classifications include residential, multi family, commercial, industrial, farm and ranch, vacant lots, acreage, oil, gas, minerals, utilities, business personal property, and other special inventory types.

Properties are also grouped by location within each of our five school districts. Within each school district are neighborhoods, defined by the IAAO as the environment of a subject property that has a direct and immediate effect on value. The neighborhood concept is used in the grouping of all taxable property located in TCAD with the exception of some special use properties.

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, 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 a certain premise which, when applied to the valuation of property, serve to explain the reaction of the market. This section concerns itself with those concepts and principles basic to the property valuation process.

The processing of data into a conclusion of value generally takes the form of three recognized approaches to value: the 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 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, 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 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 a very 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 directly 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 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 of the Texas Property Tax Code 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; and
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: (1) historical information and trends; (2) current supply and demand factors affecting those trends; and (3) anticipated events such as competition from other similar properties under construction.

VALUATION PROCESS

All taxable properties in the District are valued by the aforementioned cost schedule using a comparative unit method. All TCAD schedules were developed in house except the original residential schedules that were developed by a contract mass appraisal firm and are periodically modified to reflect the current market. The cost schedules are tested against commonly accepted sources of building cost information, such as Marshall & Swift, to determine accuracy. Cost estimates are also compared to analysis of the local market to determine level of appraisal.

RESIDENTIAL MARKET ANALYSIS

Market analysis is performed throughout the year. Both general and specific data is collected and analyzed. There are a number of economic principles that relate to the market value of property. The principle of supply and demand is an important economic principle that must be considered by appraisers. There are several others including economic trends, national, school district, and local trends that affect the value of properties located in our various tax jurisdictions. An awareness of physical, economic, governmental, and social forces is essential in understanding, analyzing, and identifying local trends that affect the real estate market.

DATA COLLECTION

Field and office procedures are reviewed and revised as required for data collection. Activities scheduled for each tax year include new construction, demolition, remodeling, re-inspection of problematic market areas, and re-inspection of the universe of properties on a 3-year cycle. The International Association of Assessing Officers, Standard on Mass Appraisal of Real Property, specifies that the universe of properties should be re-inspected on a cycle of 4-6 years.

The re-inspection includes the re-measurement of at least two sides of each improved property. The annual re-inspection requirements are identified by the property type and property classification.

New construction field and office review procedures are identified and revised as required. Field production standards are established and procedures for monitoring tested. Source of building permits is confirmed, and

system input procedures are identified. Process of verifying demolition of improvements is specified. Market areas with extensive improvement remodeling are identified, verified and field activities scheduled to update property characteristic data. Updates to valuation procedures are tested with ratio studies before finalized in the valuation modeling.

Real property market areas, by property classification, are tested for low or high protest volumes; low or high sales ratios; or high coefficient of dispersion. Market areas that fail any or all these tests are determined to be problematic. Field reviews are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified. Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio tools require that the property that sold must equal the property appraised in order that statistical analysis results will be valid.

BASIC MEASURING PROCEDURES

In any appraisal, the foundation for the cost approach is the improvement sketch. The District's appraisers are trained in the procedures for measuring, drawing, vectoring and reconciling measurements. Appraisers are also trained to segregate and separately measure areas by use (i.e., main area/living area, 2nd stories, porches, garages, patios etc.)

DEPRECIATION

TCAD depreciation tables are based on the extended life concept, which starts with the hypothesis that buildings age in much the same manner as people and that the older they get the greater their total life expectancy. This concept recognizes that a building is in the prime of life before mid-life and that the road is downhill after that, but the correction of deficiencies may lower effective age and lengthen the remaining life.

HIGHEST AND BEST USE ANALYSIS

In considering the fair market value of taxable property, TJCAD employs the principle of highest and best use analysis. Highest and best use analysis is the first step in the district appraisers' economic analysis. Highest and best use is defined as the most profitable use at a specific time. For the purpose of ad valorem property taxation in Texas, the specific time is January 1st of each calendar year. The highest and best use must be legal, physically possible, and financially feasible. TCAD appraisers generally consider that the current use of the property is most likely its highest and best use. In certain types of property, local zoning and deed restrictions often determine highest and best use. However, in areas of transition, it may be necessary for the analyst to more carefully consider the concept of highest and best use. Highest and best use may not be the present use of the property when the agents of production are not in alignment (i.e., land, labor, capital, and management).

NEIGHBORHOOD ANALYSIS

Initially, property is considered based on its location within particular boundaries. The most common boundary used to define location is the school district boundary. In all types of property, valuation analysis and neighborhood analysis are conducted on school districts. The IAAO defines a neighborhood as the environment of a subject property that has a direct and immediate effect on value. For our purposes, the neighborhood boundary is the environment of the subject property. The neighborhood concept is used in the grouping of all taxable property located in CAD with the exception of some special use properties.

LAND ANALYSIS

Land analysis is conducted generally by the District's review appraisers. Highest and best use determinations generally occur at this time. Base lot square footage tables and acreage tables are established during this phase of the appraisal operation. A computerized land table containing the necessary information by school district and neighborhood, and any other pre-specified area, assists the appraisal in consistently valuing land based on its location, size, configuration, and topography elements. When possible, the sales comparison approach is used to assist in the development of unit prices. The land appraisal techniques of allocation by abstraction and allocation by ratio are used to best reflect the value of the land as vacant in areas where build-out has occurred or in areas where vacant land sales are not available.

APPRAISAL OF RURAL LAND

This section provides general guidelines to assist appraisers in the market valuation of rural lands. Appraised values based on market valuation must be established for all taxable land in each taxing jurisdiction, regardless of whether the land qualified, or would qualify, for productivity valuation under either article VIII, section 1-D or section 1-d-1 of the Texas constitution. Market values so determined must be submitted to the appraisal review board for determination of protests for all taxable land in each jurisdiction, including land that qualifies for productivity valuation. In addition, appraised values based on market valuation must be retained for land receiving productivity valuation for rollback purposes.

The rural land market can best be understood by dividing it into three distinct types of markets; production, investment, and consumptive land markets--each based on the principal factor, which influences value. Discussion of these market influences and common examples of each are presented below.

PRODUCTION LAND MARKET

The principal factor influencing value of rural land in the production land market is the income potential associated with agricultural production. In the production land market, land values will reflect the productive capacity of soils, the availability of irrigation water, and the topographic features, which influence the ability of a producer to use the land for agricultural purposes.

INVESTMENT LAND MARKET

The principal factor influencing the market value of rural land in the investment land market is the appreciation potential of land investments. The investment land market is not composed strictly of speculators who purchase land with the intent to make a quick profit by resale but also includes individuals who purchase land for conversion into subdivisions or for other types of development. In addition, the investment land market includes individuals who purchase land as a means of preserving their capital for a later use, or as a hedge against inflation. Although investment-market influences exist in all areas of the state, they are the principal market influences in suburban areas.

CONSUMPTIVE LAND MARKET

The principal factor influencing the market value of rural land in the consumptive land market is the satisfaction that land ownership provides. The consumptive land market is often characterized by the purchase of small tracts of land to be used for recreational purposes. For instance, an individual who lives in a city or town may purchase a 10-acre tract of land in a rural area to visit on weekends with his family.

Generally, the value of land located within 200 miles of major population centers is most heavily affected by consumption-market influences.

The most distinctive features of the rural land market are that all three types of market influences, in combination with supply, establish market values. For this reason, it is important that the appraiser be knowledgeable of the key factors that influence value and of the relative influence each of these factors has upon value when establishing procedures for the valuation of rural land in a jurisdiction.

ANALYSIS OF THE LOCATION MARKET

From a practical standpoint, using a fee-appraisal approach to appraise each individual tract of land in a jurisdiction is not possible. Fee appraisers make detailed appraisals of individual parcels by obtaining comparable sales of other land in the jurisdiction and adjusting each comparable sale to the subject property to estimate the value of the subject property. In this way, fee appraisers allow market transactions that have occurred regarding other properties to define the market value of the subject property. Common types of adjustments made by fee appraisers to comparable properties in estimating market values of subject properties include adjustments for date of sale, for size of tract, for productivity factors, for improvement value, and for special amenities.

Appraisal district appraisers must also use market transactions to define factors that influence rural land values in their jurisdictions. However, unlike fee appraisers, these appraisers cannot compare each tract individually to each market transaction identified to make adjustments because of the volume of properties to be appraised. Appraisal district appraisers, therefore, must incorporate the factors indicated by market transactions into general standards or schedules of value. Such schedules are normally comprised of per acre prices that will be multiplied by the number of acres in an individual tract to develop an estimate of the value of the tract. Schedules of this kind can be divided into as many categories or classes as are necessary to reasonably reflect market values when applied to individual tracts of land found in the jurisdiction.

SALES ANALYSIS

The TCAD review appraisers gather sales information. TCAD receives sales from a variety of sources including, but not limited to, field discovery, local realtors, appraisers, buyer and seller questionnaires, protest hearings, local builders, and sometimes from overlapping jurisdictions. Sales are reviewed for validity and inspected for data accuracy. All sales are entered into our CAMA system. The sales are classified to recognize their appropriate status, source, and confirmation codes. The sales ratio analysis and associated individual property review are conducted on a year around basis. Properties that do not fit a homogenous statistical profile are set aside for review. Sale data has become increasingly difficult to obtain for appraisal districts in Texas.

Ratio studies are performed by property class, school district, neighborhood, subdivisions to identify areas in need of reappraisal.

RESIDENTIAL VALUATION

The ratio study procedures provide accurate information regarding the level of appraisal of the various classes and categories of properties. For the purpose of valuing residential property, the TCAD approach to value is described by the IAAO as a hybrid cost-sales comparison approach. This commonly accepted mass appraisal technique considers local influences not always accounted for in the cost approach. The following equation explains this theory: $MV = MA (RCN - D) + LV$.

Where MV equates to market value, MA equals market adjustment, RCN-D is the replacement cost new of the dwelling, less depreciation, and LV is the estimate of land value based on highest and best use. Market value equals market adjustment times RCN-D plus LV.

In areas where the sales ratio indicate that the property located within a given neighborhood is not being appraised at the legally permissible level of appraisal, the market adjustment process described in the previous paragraph is conducted. Base cost estimates are compared to sales and a ratio is derived. The ratio is divided into a target ratio, and a neighborhood adjustment factor is determined. Each homogenous parcel in that given neighborhood is programmatically adjusted according to the factor derived from the process. This adjustment factor is entered into the CAMA system, and each parcel is adjusted programmatically. Ongoing neighborhood analysis and delineation ensures the accuracy of this process.

COMMERCIAL PROPERTY VALUATION

TCAD employs all three approaches to value, when possible, in valuing income-producing property. The primary approach used to initiate the valuation process is the cost approach to value. Each commercial property is listed according to its quantitative data elements. The data elements are entered into our CAMA system, and an initial cost value is calculated. The depreciation is calculated and assigned during this process so that an RCNLD of the improvements may be derived and this is added to an estimate of the land value. The district used Marshall & Swift when needed for commercial properties.

The income and expense data of these types of properties is gathered and evaluated. When appropriate, one or more forms of the income approach to value are used. Information from a variety of sources is obtained and detailed analysis is undertaken. When possible, the appraiser uses the technique of direct capitalization to derive the income approach value. Further, during the establishment of the capitalization rate it is always important to estimate an appropriate amount of risk when building the capitalization rate. TCAD prefers utilizing current market, sales, and income information to develop overall rates by class, use, location, and quality of commercial improvements.

The field inspection, valuation review, and performance analysis described throughout this report, apply to commercial as well as other types of properties. When available, the commercial analyst also uses the sales comparison approach to determine the fair market value of income-producing properties. In using the cost approach, however, it is sometimes necessary for the appraiser to utilize the unit in place, quantity survey, or historical cost method to derive accurate cost estimates.

PERSONAL PROPERTY VALUATION

All income-producing business personal property located within district boundaries is subject to taxation. Business use vehicles are also listed in the appraisal records and subject to ad valorem taxation. Personal property schedules are used to value business furniture, fixtures, equipment, and inventory. Additionally, personal property values are obtained by some other sources. Business owners are required by Texas law to render their business personal property each year. The appraiser considers rendered values during the appropriate phase of valuation analysis. Rendered values are often used as the basis is for the CAD value if the value rendered is reasonable for the type of business and within acceptable ranges when compared to the district's personal property schedules. Should the property owner choose not to render the property, or if the rendered amount does not fit acceptable ranges, then the district will render for the property owner or appraise the property based on the district's schedules.

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 NADA used car guide trade-in value for the make, model, and age of the vehicle. The appraisal district uses a vehicle report to determine ownership, make, model, and vehicle characteristics to determine NADA trade-in value. This report along with the renditions and physical observations are used to discover and list vehicles that are taxable.

PROCEDURES FOR RATIO STUDIES

A ratio study is designed to evaluate appraisal performance through a comparison of appraised or assessed values for tax purposes with estimates of market value based on sales prices and tested by measures of central tendency. The district will adhere to the IAAO standards on ratio studies.

The property tax division of the Texas comptroller of public accounts performs annual ratio studies on all Texas school districts. Appraisal districts performance is judged by the results of these ratio studies. State law requires that appraisal districts appraise all taxable property at one hundred percent (100%) of market value.

Failure to appraise property within a confidence interval of 95% to 105% may result in diminished funding from the state to local school districts. Additionally, in circumstances where an appraisal district fails to appraise properties within the PTAD's intervals for an extended period of time a master may be appointed to assume control of the appraisal district's operations.

PLANNING AND ORGANIZATION

A calendar of key events with critical completion dates for each major work department. (see addendum) This calendar identifies all key events for appraisal, clerical, customer service, mapping, and information systems. Production standards for field activities are calculated and incorporated in the planning and scheduling process. The scope of work, available time frame, staffing resources, and any budgetary constraints have been considered in the development of this reappraisal plan and will be submitted to the Board of Directors for approval. If necessary, the Chief Appraiser may make minor adjustments to these deadlines if needed.

Apart from the work plan, key appraisal activities which occur every year include:

1. Any account that has been flagged for re-inspection or partial complete status as of January 1 of the prior year.
2. Any account that had a significant building permit issued from a city or the county during the year with construction beginning prior to January 1.
3. Any account where data or inquiry has been provided to TCAD that indicates the property has had a conditional change that is not currently reflected on the record.
4. The delineated market areas (neighborhoods), using statistical analysis and mass appraisal market factors.
5. Any account or area deemed in need of reappraisal by management.
6. All business personal property accounts.
7. Any accounts in accordance with contracted appraisal services for minerals, industrial or utilities.
8. Any neighborhood showing a significant variance in ratio or coefficient of dispersion as compared to other neighborhoods.

CALENDAR OF KEY EVENTS OF PROPERTY TAX LAWS DEADLINES

(If deadline falls on a holiday/weekend the deadline will be extended to the next business day).

January

- 1 * Date that taxable value and qualification for certain exemptions determined for the tax year (except for inventories appraised September 1) (Sec. 11.42, 23.01, 23.12).
- 2 * Date rendition period begins: continues through April 15 for those property owners not requesting a filing extension (Sec. 22.23).
- 31 * Last day for chief appraiser to deliver applications for agricultural designation and exemptions requiring annual applications (Sec. 11.44, 23.43).

* Deadline for the Texas Comptroller to publish the preliminary Property Value Study (PVS) findings, certify findings to the Texas Education Commissioner, and deliver findings to each school district (Government Code Sec. 403.302(g)).

February

- 1 * Date that taxes imposed the previous year become delinquent if bill was mailed on or before January 10 of the current year. (Sec 31.02(a), 31.04(a)).

PROPOSED 09/08/2026

28 * Last day to request cooperative housing appraisal (Sec. 23.19 (c)). (29 if a leap year)

March

10 * Deadline to file written appeal of PVS findings with Texas Comptroller (Government Code Sec. 403.303(d)). (Petition must be filed within 40 calendar days after the Comptroller's office certifies preliminary findings of taxable value to the Commissioner of Education.

April

1 * Last day (or as soon as practicable thereafter) for chief appraiser to mail Notices of Appraised Value for single-family residential homestead properties (25.19 (a)).

* Last day for the Chief Appraiser to notify the taxing units of the form in which appraisal roll will be provided to them (Sec. 26.01 (a)).

15 * Last day to file renditions and property reports on most property types. Chief appraiser must extend deadline to May 15 upon written request (Sec. 22.23(a) and (b)).

30 * Last day for Chief Appraiser to certify estimate of school district's taxable value for school district to use for publishing notice of budget and proposed tax rate and adopting its budget for a fiscal year that begins July 1. Chief Appraiser must also certify estimate of taxable value for county and cities unless the taxing units choose to waive the estimate (Sec. 26.01 (e) and (f)). (Not later than April 30)

May

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 (Sec. 25.19 (a)).

1-14 * Period that taxing units may file resolutions with chief appraiser to change CAD finance method. (Sec. 6.061(c)).

1-15 * Period when chief appraiser must publish notice about taxpayer protest procedures in a local newspaper with general circulation (Secs. 41.70 (a) and (b)).

NOTE: Chief Appraiser must annually publicize property owner rights and methods to protest to the ARB (Sec. 41.41 (b)). Chief Appraisers should consult legal counsel on the manner and timing to fulfill this requirement.

15 * Date (or as soon as practicable) for chief appraiser to prepare appraisal records and submit to ARB (Sec. 25.01 (a), 25.22(a)).

* Last day for property owners to file protests with ARB (or by 30th day after Notice of Appraised Value is delivered, whichever is later) (Sec. 41.44 (a)(1)).

19 * Last day for Chief Appraiser to determine whether enough eligible units filed resolutions to change CAD's finance method (Sec. 6.061).

24 * Last day for Chief Appraiser to notify taxing units of change in the CAD's finance method (Sec. 6.061).
PROPOSED 09/08/2026

31 * Last day for taxing units to file challenges with ARB (or within 15 days after the date the appraisal records are submitted to ARB, whichever is later) (Sec. 41.04 (c)).

* Last day for a religious organization that has been denied an 11.20 exemption because of the charter to amend the charter and file a new application or the 60th day after the date of notification of the exemption denial, whichever is later (Sec. 11.421 (b)).

June

14 * Last day for chief appraiser to submit proposed budget for next year to CAD board and taxing units (unless taxing units have changed CAD's fiscal year) (Sec. 6.06 (a) and (i)).

30 * Last day for taxing units to adopt local option percentage homestead exemptions (Sec. 11.13(n)).

July

1 * Last day for review and protests of appraisal of railroad rolling stock values (or as soon as practicable thereafter); once the appraised value is approved, the chief appraiser certifies to the Comptroller the allocated market value (Sec. 24.35 (b), 24.36).

20 * Date ARB must approve appraisal records but may not do so if more than 5 percent of total appraised value remains under protest (Sec. 41.12(a)-(c)).

25 * Last day for chief appraiser to certify appraisal roll to each taxing unit's assessor (Sec. 26.01(a)).

31 * Last day for property owners to apply for September 1 inventory appraisal for next year. (Sec. 23.12 (f)).

August

14 * Last day for CAD Board to pass resolution to change CAD finance method, subject to taxing unit's unanimous consent (Sec 6.061(a)).

* Last day for CAD Board to pass resolution to change number of directors, method of appointing or both and deliver to each taxing unit (Sec. 6.031(a)).

31 * Last day for property owner to give correct address to CAD in writing for tax bill, penalties and interest waived if bill not sent to correct address 21 days before delinquency date (Sec. 33.011(b)(1)).

* Last day taxing units may file resolution with the CAD Board to oppose proposed change in the CAD finance method (Sec. 6.061(a)).

September

1 * Date that taxable value of inventories may be determined at property owner's written option (Sec. 23.12 (f)).

14 * Last day for CAD board to adopt CAD budget for the next year, unless district has changed its fiscal year (Sec. 6.06(b) and (i)).

* Last day for CAD Board to notify taxing units in writing if a proposal to change finance method by taxing units' unanimous consent has been rejected (Sec. 6.061(a)).

* Last day for CAD Board to notify taxing units in writing if a proposal to change the number or method of selecting CAD directors is rejected by a voting taxing unit (Sec. 6.031(a)).

December

1-31 * Time when chief appraiser may conduct a mail survey to verify homestead exemption eligibility (Sec. 11.47(a)).

PLANNING OBJECTIVES

Long Range Objectives:

IMPROVED SERVICE, RECORD ACCURACY, APPRAISAL SYSTEM, EQUITY, AND REPORTING SYSTEM.

Continue computerized maps with updates from BIS for changes.

Continue to update all land account records with a minimum of last deed transfer volume and page with focus on 'legacy' records.

Each year, examine and test appraisals, using ratio studies of selected categories of property and areas of the county.

Continue to analyze and improve preparation and presentation of appraisal values and support at ARB hearings.

Continue to refine and improve field appraisal procedures.

Complete improvement update, inspections on all 5 school districts on a 3-year rotating cycle.

Complete update of open space agricultural and timberland applications.

Strive to improve employee retention through competitive benefits, salary increases and increased job satisfaction.

OPERATIONAL PLANS:

- I. Mineral and industrial property will be appraised on annual basis by the contract appraisal firm. (See reappraisal plan specific to mineral and industrial)
- II. All personal property will be appraised on an annual basis by the Tyler CAD personal property department. Personal property will be appraised using renditions, on-site inspections, density schedules or any combination thereof. Additionally, data from sources such as assumed name lists, vehicle lists, and Chamber of Commerce membership lists may be used to discover taxable personal property. Similar types of properties will be appraised using the same or similar methods.
 - A. Update inspections may be conducted by the personal property department one or more times a year. The real property department, during the course of inspecting, will assist by reporting to the personal property department any new businesses or businesses with significant changes. The inspections are used for determining:
 1. Location changes
 2. New businesses.
 3. Business closings.
 4. Significant changes in character, nature, inventory, density levels or size of a particular business; and
 5. Businesses warranting detailed on-site inspections.
 - B. All inspections will be evidenced by notes on computer listings of personal property accounts.

- III. All real property will be reviewed annually by school district using statistical analysis and ratio studies. Inspections by the real property department on a mass appraisal basis using generally accepted appraisal practices as follows:
- A. County and city building permits will be used to discover, list, and appraise new improvements on an annual basis. Permit inspections will normally begin in December of the proceeding tax year and end in March of the current year.
 - B. Within budget, time and weather constraints, it is the district's goal to complete and update inspections of all improvements excluding industrial properties, by ISD on a three (3) year rotating cycle.
 - C. New open-space agricultural and timber applications will be requested for properties with questionable qualifying use or for ownership changes. Field inspections may be performed on all properties in each district to identify properties requiring a new application.
 - D. Interim property improvements inspections or neighborhood reappraisals may result from requests from taxing units, the appraisal review board, or as a result of in-house ratio studies.
 - E. Residential and commercial appraisal schedules will be evaluated for accuracy and uniformity annually through comparison with Marshall and Swift cost schedules or through the use of ratio studies.
 - F. The residential and commercial depreciation schedules, base years and effective years may be adjusted to the current year. Improvement values and depreciation schedules will be reviewed annually for accuracy and uniformity to ensure that all property is appraised at its market value as required by Sec. 22.01 of the Texas Property Tax Code.
 - G. All land sales will be reviewed on a continuous basis to identify land use or types and locations that are in need of reappraisal. Land schedules will be built for all new subdivisions. Other tools for the discovery of land warranting reappraisal are the State Comptroller's bi-annual value study, the appraisal districts in-house ratio studies, the ARB hearing process or new subdivisions filed of record with the county clerk.
 - H. To facilitate the district's land scheduling, computerized effective acre tracts may be established for owners with contiguous properties in different abstracts or subdivisions.
 - I. Annually survey all apartment complexes for occupancy rates, income and expense data.

PROJECT PLANS 2027-2028

These project plans are **dynamic** and may be updated as needed during the year.

REAL PROPERTY PLANS 2027-2028:

All districts: permits, field checks, & rechecks.

EFFECTIVE YEAR CHANGES:

All school districts: plus 1 year*

*Effective years may be changed to update to current conditions and to aid in establishing yearly reappraisals.

Update Marshall & Swift Cost Schedules

Appraisal of new improvements

All school districts: new construction

Improvement reappraisal by market area subdivision or neighborhood

Revalue land areas/subdivisions, development of land schedules.

Development or adjustment of land schedules for all districts.

All school districts: miscellaneous improvement schedule correction.

Appraise new subdivisions 2027-2028:

All school districts- development of land schedules for each new subdivision developed for the tax year 2027-2028.

OPEN SPACE AG & TIMBER APPLICATIONS

All school districts:

Field check all agricultural & timber applications, contact the taxpayer if more information is necessary to make the determination of approval or denial.

Process any re-checks on agricultural & timber accounts.

Send letters of denial by certified mail.

Apply agricultural or timber use values to the properties that were approved.

Calculate the agricultural & timber values for the current year.

COMPARABLE SALES ANALYSIS

Process all sales data as received.

Perform periodic ratio studies by:

1. Property improvement class
2. School district
3. Market area, neighborhood, or subdivision

Defined Market Areas

Section 25.18 (b) (3) requires that Tyler CAD define the market areas in the district. Tyler CAD's market areas are defined by five school districts within the county boundaries.

Woodville I.S.D.

Chester I.S.D

Colmesneil I.S.D.

Spurger I.S.D.

Warren I.S.D.

COMPLEX PROPERTIES PLANS 2027-2028

PERSONAL PROPERTY APPRAISAL 2027-2028

All school districts

Discover new businesses by using the assumed name list from the county clerk's office, social media, and the chamber of commerce list of new members.

Search newspapers and telephone books for new business.

Inspect all new businesses.

Process all renditions received from taxpayers.

Grant an extension of the deadline for filing a rendition until May 15th if the property owner requested the extension in writing. The chief appraiser may extend the filing date another fifteen (15) days with good cause per Section 22.23 of the State Property Tax Code.

Impose a penalty of 10% on the total amount of taxes imposed if the person failed to file a timely rendition statement per Section 22.28 of the State Property Tax Code.

Impose a penalty of 50% of the total amount of taxes imposed on the property for the tax year if the court finds that the person filed a false statement or report with the intent to commit fraud or evade the tax or alters, destroys, or conceals any record or document for the purpose of affecting the outcome of an inspection or determination before the appraisal district per Section 22.29 of the State Property Tax Code.

Reappraisal inspection of all existing personal property accounts.

Appraisal of leased equipment from the leasing companies' renditions.

Appraisal of vehicles from the vehicle listings obtained.

REAL PROPERTY PLANS 2027:

APPRAISAL OF IMPROVEMENTS

School Districts: All

All new construction reviews
All improvement schedules
Field Checks
Ratio Studies

REAPPRAISAL OF SCHOOL DISTRICTS

School District: All

Update property characteristics as needed
Ratio Studies
Field Checks

REVALUE LAND AREAS/SUBDIVISIONS, DEVELOPMENT OF LAND SCHEDULES

Development of land schedules for any area of all districts that are not valued on a land schedule.

APPRAISE NEW SUBDIVISIONS FOR 2027

Development of land schedules for each new subdivision developed for the tax year 2027.

OPEN SPACE AGRICULTURAL AND TIMBER APPLICATIONS

Field checks or aerial review for all properties with new agricultural and timber applications.
Contact the taxpayer if more information is necessary to make the determination of approval.

COMPARABLE SALES ANALYSIS

Process all sales data as received.
Perform periodic ratio studies by:

1. Property improvement class
2. School district
3. Market area, neighborhood, or subdivision

COMPLEX PROPERTIES PLANS: 2027
PERSONAL PROPERTY: 2027

All school districts:

Process assumed names from county clerk's office for the current year.

Search newspapers, social media, and telephone book for new business.
May inspect all new businesses.

Process all renditions received from taxpayers.

Grant an extension of the deadline for filing a rendition until May 15th if the owner requests the extension in writing. The chief appraiser may extend the filing date another fifteen (15) days with good cause as per Section 22.23 of the state property tax code.

Impose a penalty of 10% of the tax amount imposed if the taxpayer did not file a timely rendition statement as per Section 22.23 of the State Property Tax Code.

Impose a penalty of 50% of the total amount of taxes imposed on the property for the tax year if the court finds that the person files a false statement or report with the intent to commit fraud or evade the tax or alters, destroys, or conceals any record or document for the purpose of affecting the outcome of an inspection or determination before the appraisal district as per Section 22.29 of the State Property Tax Code.

Reappraisal inspection of existing personal property accounts, if warranted.

Appraisal of leased equipment from the leasing company renditions.
Appraisal of vehicles from the vehicle listing report acquired.

INDUSTRIAL AND MINERAL PROPERTIES:

Forward all renditions received on industrial or mineral properties to contract appraisal group.

TYLER CAD 2027 REAPPRAISAL WORK TIMELINE

This timeline is dynamic and maybe changed.

The work completed timeline report may be run from CAMA Console for all appraisal activity completed during the year.

2027 Fieldwork begins in August 2026 and ends May 2027.

August-May

Overview

Discover new subdivisions

Begin reappraisal field and aerial imagery work in **Spurger ISD** and was not completed the previous year in **Warren ISD**.

Review and analyze cost tables and compare new construction costs from all residential properties

Quality control

Review problem ISD's or areas (discovered from conference hearings and current sales reports.)

Data Entry

Run sales valuation reports/ Analysis

January-May

Begin personal property inspections for all jurisdictions

Work permits and field checks for all jurisdictions

Complete 2027 reappraisal fieldwork by May.

Run sales valuation reports/ Analysis

Redefine neighborhoods if necessary

Test results of neighborhood adjustments with sales ratios

Review and analyze cost tables and compare new construction costs from all residential properties

Perform Sales Analysis/ Market shifts

Prepare final sales reports for protest season.

Prepare and mail 2027 Notices of Appraised Value in April or as soon as practicable.

Prepare ARB informal and formal hearing procedures

April-May

Continue working personal property renditions and Cat. D applications

May-July

Conduct ARB formal and informal hearings

Certify Appraisal Roll by July 25, 2027

REAL PROPERTY PLANS 2028:

APPRAISAL OF IMPROVEMENTS

School Districts: All

Ratio Studies

Field Checks

All new construction reviews

All improvement schedules

REAPPRAISAL OF SCHOOL DISTRICTS

School Districts: All

Update new property characteristics as needed

Ratio Studies

Field Checks

REVALUE LAND AREAS/SUBDIVISIONS, DEVELOPMENT OF LAND SCHEDULES

Development of land schedules for any area of all districts that are not valued on a land schedule.

APPRAISE NEW SUBDIVISIONS FOR 2028

Development of land schedules for each new subdivision developed for the tax year 2028.

OPEN SPACE AGRICULTURAL AND TIMBER APPLICATIONS

Field checks or aerial review for all properties with new agricultural and timber applications.

Contact the taxpayer if more information is necessary to make the determination of approval.

COMPARABLE SALES ANALYSIS

Process all sales data as received.

Perform periodic ratio studies by:

1. Property improvement class
2. School district
3. Market area, neighborhood, or subdivision

COMPLEX PROPERTIES PLANS: 2028
PERSONAL PROPERTY: 2028

All school districts:

Process assumed names from county clerk's office for the current year.

Search newspapers, social media, and telephone book for new business.

Inspect all new businesses.

Process all renditions received from taxpayers.

Grant an extension of the deadline for filing a rendition until May 15th if the owner requests the extension in writing. The chief appraiser may extend the filing date another fifteen (15) days with good cause as per Section 22.23 of the state property tax code.

Impose a penalty of 10% of the tax amount imposed if the taxpayer did not file a timely rendition statement as per Section 22.23 of the State Property Tax Code.

Impose a penalty of 50% of the total amount of taxes imposed on the property for the tax year if the court finds that the person files a false statement or report with the intent to commit fraud or evade the tax or alters, destroys or conceals any record or document for the purpose of affecting the outcome of an inspection or determination before the appraisal district as per Section 22.29 of the State Property Tax Code.

Reappraisal inspection of all existing personal property accounts.

Appraise of leased equipment from the leasing company renditions.

Appraisal of vehicles from the vehicle listing reports acquired.

INDUSTRIAL AND MINERAL PROPERTIES:

Forward all renditions received on industrial or mineral properties to contract appraisal firm.

TYLER CAD 2028 REAPPRAISAL WORK TIMELINE

This timeline is dynamic and maybe changed.

A work completed timeline report may be run from CAMA Console for of all appraisal activity completed during the year.

2028 Fieldwork begins in August 2027 and ends May 2028.

August-May

Overview

Discover new subdivisions

Begin reappraisal field and aerial imagery work in **Woodville ISD**

Review and analyze cost tables and compare new construction costs from all residential properties

Quality control

Review problem ISD's (discovered from conference hearings and current sales reports.)

Data Entry

Run sales valuation reports/ Analysis

January-May

Begin personal property inspections for all jurisdictions

Work permits and field checks for all jurisdictions

Complete 2028 reappraisal fieldwork by May

Run sales valuation reports/ Analysis

Redefine neighborhoods if necessary

Test results of neighborhood adjustments with sales ratios

Review and analyze cost tables and compare new construction costs from all residential properties

Perform Sales Analysis/ Market shifts

Prepare final sales reports and maps for protest season.

Prepare and mail 2028 Notices of Appraised Value in April or as soon as practicable

Prepare ARB informal and formal hearing procedures

April-May

Continue working personal property renditions and Cat. D applications

May-July

Conduct ARB formal and informal hearings

Certify Appraisal Roll by July 25, 2028

Capitol Appraisal Group, LLC Reappraisal Plan

2027-2028

CAD Plan for Periodic Reappraisal of Industrial Personal Property

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

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all industrial personal property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
 - (1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Through inspection the appraiser identifies personal property to be appraised. The appraiser begins with properties from the previous tax year and identifies new properties from visual identification and/or publications, newspaper articles, or information obtained through the interview of property owners. The appraiser may also refer to other documents, both public and also confidential, to assist in identification of these properties. Such documents might include but are not limited to the previous year's appraisal roll, vehicle listing services and private directories.
 - (2) Identifying and updating relevant characteristics of each property in the appraisal records: Data identifying and updating relevant characteristics of the subject properties are collected as part of the inspection process through directories and listing services as well as through later submissions by the property owner, sometimes including confidential rendition. These data are verified through previously existing records and through public reports.
 - (3) Defining market areas in the district: Market areas for industrial personal property are generally either regional or national in scope. Published price sources are used to help define market areas.
 - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics. 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 a more experienced appraiser also contributes to the review process.

2027-2028

CAD Plan for Periodic Reappraisal of Industrial Real Property

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

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of selected industrial property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
 - (1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Industrial properties are identified as part of the appraiser's physical inspection process each year and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.
 - (2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Confidential rendition, assets lists and other confidential data also provide additional information. Subject property data is verified through previously existing records and through published reports.
 - (3) Defining market areas in the district: Market areas for industrial properties tend to be regional, national and sometimes international. Published information such as prices, financial analysis and investor services reports are used to help define market area.
 - (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: 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.

2027-2028

**CAD Plan for Periodic Reappraisal
of Oil and Gas Property**

In accordance with Section 25.18 of the Tax Code:

- (a) CAD shall implement the plan for periodic reappraisal of property as approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all oil and gas property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) 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, CAGL 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 CAGL's in-house map resources.
 - (2) Identifying and updating relevant characteristics of all oil and gas properties to be appraised. Relevant characteristics necessary to estimate value of remaining oil or gas reserves are production volume and pattern, product prices, expenses borne by the operator of the property, and the rate at which the anticipated future income should be discounted to incorporate future risk. CAGL obtains information to update these characteristics annually from regulatory agencies such as the RRC, the Comptroller of Public Accounts, submissions from property owners and operators, as well as from published investment reports, licensed data services, service for fee organizations and through comparable properties, when available.
 - (3) Defining market areas in the district and identifying property characteristics that affect property value in each market area. Oil

and gas markets are regional, national and international. Therefore, they respond to market forces beyond defined market boundaries as observed among more typical real properties.

- (4) Developing an appraisal approach that best reflects the relationship among property characteristics affecting value and best determines the contribution of individual property characteristics. Among the three approaches to value (cost, income and market), the income approach to value is most commonly used in the oil and gas industry. Through use of the discounted cash flow technique in particular, the appraiser is able to bring together relevant characteristics of production volume and pattern, product prices, operating expenses and discount rate to determine an estimate of appraised value of an oil or gas property.
- (5) Comparison and Review. Use of the income approach is the first step in determining an estimate of market value. After that the appraiser reviews the estimated market value compared to its previous certified value and also compares it to industry expected payouts and income indicators. The appraiser examines the model's value with its previous year's actual income, expecting value to typically vary within in a range of 2-5 times actual annual income, provided all appropriate income factors have been correctly identified. Finally, periodic reassignment of properties among appraisers and review of appraisals by a more experienced appraiser further expand the review process.

2027-2028
CAD Plan for Periodic Reappraisal of
Utility, Railroad and Pipeline Property

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

- (a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan provides for annual reappraisal of all utility, railroad and pipeline property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.
 - (1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Utility, railroad and pipeline properties that are

susceptible to inspection are identified by inspection. The appraiser may also refer to other documents, both public and also confidential, to assist in identification of these properties. Due to the varied nature of utility, railroad, and pipeline properties there is no standard data collection form or manual. New permitting documents on record with the Railroad Commission of Texas provide a source to identify potential new pipeline projects but does not provide indication if the project was actually started, completed, or a distinct location of the proposed project. Every effort is made to discover new utility, railroad, and pipeline properties through personal observation combined with permitting documents.

- (2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through data collected as part of the inspection process and through later submissions by the property owner, sometimes including confidential rendition. Additional data are obtained through public sources, regulatory reports and through analysis of comparable properties.
- (3) Defining market areas in the district: Market areas for utility, railroad and pipeline property tend to be regional or national in scope. Financial analyst and investor services reports are used to help define market areas.
- (4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: For all three 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 and railroad property are 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.

CAD Procedure for Identifying New Utility Properties and Producing Wells

Appraisal of industrial properties is limited to those properties indicated in the contract with the appraisal district unless the appraisal district requests the appraisal of other properties. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal.

Utility, Railroad and Pipeline Property

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

Oil and Gas Property

As subsurface mineral properties lie within the earth, they cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these properties. To identify new properties, CAG uses the following procedure:

1. Obtain a list from the Texas Railroad Commission of all leases currently producing or permitted in the CAD. Obtain permit plat for leases contained within the county.
2. Obtain a list of leases currently producing or permitted in neighboring counties with common borders and map relative location of leases to county's border. Obtain permit plat to determine if leases may have lease boundaries extending into county.
3. Using plats of leases with partial or all lease boundaries within the county, create a list of potential additional property to be added to the appraisal roll.
4. Compare list of potential leases with all currently producing leases in the CAD on January 1st of current tax year to determine any lease duplication.
5. Check to see if the lease was completed prior to January 1st or producing before January 1st of current tax year.
6. If lease has not previously been added to the CAD's appraisal roll, do so and obtain ownership.

Industrial Personal Property

Mass Appraisal Procedure and Timeline

Although valuation is set for either January 1 of the tax year or September 1 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 of previous year to March 31 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 until complete

Appraisal of properties both market value and taxable value. Deadlines for completion of appraisals and sending out value notices 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

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 25.

July 26 to August 31

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 Property Mass Appraisal Procedure and Timeline

Although valuation is set for either January 1 of the tax year or September 1 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 of previous year to March 31 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 until complete

Appraisal of properties both market value and taxable value. Deadlines for completion of appraisals and sending out value notices 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.

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July 26 to August 31

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

Mass Appraisal Procedures and Timeline

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

October-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 1 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-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-March:

Appraisers begin entering 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-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 following appraiser and supervisor review.

April-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-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

Utility, Railroad and Pipeline Property Mass Appraisal Procedure and Timeline

Although valuation is set for either January 1 of the tax year or September 1 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 of previous year to March 31 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 to 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 until complete

Appraisal of properties both market value and taxable value. Deadlines for completion of appraisals and sending out notice of 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

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July 26 to August 31

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.

ADDENDUM**CALENDAR OF KEY EVENTS**

If necessary, the Chief Appraiser may make minor adjustments to these deadlines if needed.

REAL/COMMERCIAL PROPERTIES

	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul
Land/Sales Analysis												
Sales Collection & Valuation												
Income & Expense Collection & Validation												
Re-inspection (Onsite & or Pictometry)												
New Construction/Discovery												
Permits												
Mobile Home Parks												
Final Value Review												
Jurisdiction Estimates												
Mail Notices												
Current Year ARB Hearings												
Prior Year ARB Hearings												
Roll Certified												

	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul
Personal Property Inspections												
Mail Renditions												
Processing Renditions												
Finish Processing Renditions w/Extensions												
Mail Penalty Letters												
Testing Personal Property Schedules												
Special Inventory Monthly Reports												
Special Inventory Declarations												
Receive/Work Vehicle Book												
Notices Mailed												
Current Year ARB Hearings												
Prior Year ARB Hearings												

DATA ENTRY/CLERICAL/MAPPING

	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul
Receive/Process Ownership/Address Changes												
Mail Sales Letters												
Mail New Homestead Applications												
Ceiling Transfer Requests												
Parcel Edits Reports												
Data Entry Fieldwork Notes/Sketches												
Mail Ag/Timber Applications												
Process Splits/Combinations												
Mail Annual Exemptions & Abatements												
Process Homestead Exemption Applications												

INDUSTRIAL REAL & PERSONAL PROPERTIES, UTILITIES, & MINERALS

	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul
Land/Sales Analysis												
Re-inspection												
New Construction/Discovery												
Deliver of Jurisdiction Estimates												
Mineral Lease Information Delivered												
Mineral Changes Made												
Notices Mailed by Contractor												
Current Year ARB Hearings												
Prior Year ARB Hearings												
Roll Certified												