HALE COUNTY APPRAISAL DISTRICT

PLAN FOR PERIODIC REAPPRAISAL

2023/2024

WHERAS, the Board of Directors of the Hale County Appraisal District, having met at a regularly scheduled meeting on September 08, 2022 to discuss and approve the plan.

NOW, THEREFORE, be it resolved that the Board of Directors of the Hale County Appraisal District does approve and adopt the 2023-2024 Reappraisal Plan of the Hale County Appraisal District.

ADOPTED THIS THE 08 TH DAY OF SEPTEMBER 2022.

Signed: Benny Cantwell

Benny Cantwell, Chairman
Hale County Appraisal District
Board of Directors

Attest:

Ron Johnson, Secretary
Hale County Appraisal District
Board of Directors

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TAX CODE REQUIREMENT

Passage of Senate Bill 1652 amended Section 6.05 of the Texas Property Tax code by adding Subsection (i) to read 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 §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 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.***

PLAN FOR PERIODIC REAPPRAISAL REQUIREMENT

Senate Bill 1652 amends Section 25.18, Subsections (a) and (b) 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**

APPRAISAL GOALS/ACTIVITIES

REVALUATION DECISION (REAPPRAISAL CYCLE):

The Hale CAD, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises one third (1/3) of all property in the district every year. The reappraisal year is a complete appraisal of all properties in that portion of the district. Tax year 2023 is a reappraisal year and tax year 2024 is a reappraisal year.

Appraisal Responsibilities

The field appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of real and personal property by any method requires a comprehensive physical description of personal property, land and building characteristics. This appraisal activity is responsible for administering, planning and coordinating all activities involving data collection and maintenance of all commercial, residential and personal property types located within the boundaries of Hale County Appraisal District jurisdiction. The data collection effort involves the field inspection of real and personal property accounts, as well as data entry of all data collected into the existing information system. The goal is to periodically field inspect residential, commercial, and personal properties in the district at least once every three years.

Appraisal Resources

- **Personnel – The appraisal activities are conducted by 4 appraisers including the Chief Appraiser.**

- **Data - The data used by field appraisers includes the existing property characteristic information contained in the Computer Assisted Mass Appraisal System (CAMA) from the district's computer system. The data is printed on property record card or appraisal cards. As work is completed, the properties and any changes are recovered onto the CAMA.**

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 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**
   d. **easements, covenants, leases, reservations, contracts, declarations, special assessments ordinances, or legal restrictions**

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**

6. **applying the conclusions reflected in the model to the characteristics of the properties being appraised**

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

- **Other data used includes map, sales data, building permits, photos and actual cost and market information. Sources of information are gathered using excellent joint relationships with other participants in the real estate market place. The district cultivates sources and gathers information from both buyers and sellers participating in the real estate market.**

Appraisal Frequency and Method Summary

- **Residential property - HCAD's goal for Residential property is visually or physically examine at least every three years with appraisers noting the condition of the improvement and looking for changes that might have occurred to the property since the last inspection. In some subdivisions where change of condition is frequent, homes are inspected more frequently. Exterior pictures are taken of all new homes with new photos taken of previous existing homes whenever a change in physical appearance has occurred. HCAD strives to statistically analyze subdivisions annually to ensure that sales in the subdivision at least during the last 24 months are within a +/- 15% range of appraised value. If sales do not indicate that range, adjustments may be recommended and made to areas affected.**

- **Commercial Property- HCAD's goal is to observe and examine Commercial property to verify class and condition at least every 3 years. The inspection occurs as appraisers are checking business personal property or as the properties are being driven during the reappraisal years. Real estate accounts are analyzed against sales of similar properties in Hale CAD. The income approach to value may be also utilized to appraise larger valued commercial properties such as shopping centers, motels and hotels, and other types of property that typically sell based on net operating income.**

- **Business Personal Property- Business personal property is observed annually with appraisers' effort to inspect business to develop quality and density observations. Renditions are mailed or delivered to new business. Appraisers will utilize SIC codes to determine consistency for appraisal of similar businesses. Rendition laws provide additional information on which to base taxability of business personal properties.**

- **Mineral properties - Working and royalty interests of producing oil and gas wells are appraised annually through contracted services with Thomas Y. Pickett Inc. A reappraisal plan produced by Thomas Y. Pickett Inc. is attached for further details.**

- **'Utilities and Pipelines - Utility companies and pipelines are appraised annually through contracted services with Thomas Y. Pickett Inc. A Reappraisal plan produced by Thomas Y. Pickett Inc. is attached for further details.**

PRELIMINARY ANALYSIS

Data Collection/Validation

Data collection of real property involves maintaining data characteristics of the property on CAMA. The information contained in the CAMA includes site characteristics, such as land size and improvement data such as square footage of living area, effective year built, quality of construction and condition. Field appraisers are required to use a property classification system that establishes uniform procedures for the correct listing of real property. All properties are coded according to a classification system. The approaches to value are structured and calibrated based on this coding system and property description and characteristics. The field appraisers use property classification references during their initial training and as a guide in the field inspection of properties. Data collection for personal property involves maintaining information of software designed to record and appraise business personal property. The type of information contained in the business personal property field includes personal property such as business inventory, furniture and fixtures, machinery and equipment, and vehicles with details such as cost and location. The field appraiser conducting on-site inspections use a personal property classification system during their initial training and as a guide to correctly list all personal property that is taxable.

Sources of Data

The sources of data collection are through property inspection, new construction field efforts, data review, data mailer questionnaires, hearings, sales validation efforts, commercial sales verification and field effort, newspapers and publications, and property owner correspondence by mail or via internet. A principle source of data comes from building permits received from taxing entities, primarily municipalities that require property owners to acquire a building permit or permission. The Multiple Listing Services of the Plainview Association of Realtors is a reliable source of data for both property description and market sales data. Area and regional real estate brokers and managers are also sources of market and property information. Surveying and title companies are also sources of market and property information. Data surveys of property owners requesting market information and property description information is also valuable data. Soil surveys and agricultural surveys of farming and ranching property owners and industry professional are helpful for productivity value calibration. Improvement costs information is gathered from local building contractors and Marshall and Swift Valuation Services.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of last inspection and the HCAD appraiser responsible are listed on the CAMA record or property file. If a property owner or jurisdiction disputes the district records concerning this data during a hearing, via telephone call or other correspondence received, the record may be corrected based on the evidence provided or an on-site inspection may be conducted. Typically, a field inspection is requested to verify the information for the current year's valuation or for the next year's valuation. Every year a field review of real property located in certain areas or neighborhoods in the jurisdiction will be conducted.

Office Review

HCAD's goal is to conduct office reviews on properties where update information has been received from owners of the property and is considered accurate and correct. Data mailers, sent in mass, or at the request of the property owner, frequently verify some property characteristics or current conditions of the property. When the property data is verified in this manner, and considered accurate and correct, field inspections may not be required. Personal property rendition forms are mailed in January of each year to assist in the annual review of property.

PERFORMANCE TESTS

The property appraisers are responsible for conducting ratio studies and comparative analysis. Ratio studies are conducted on property located within certain neighborhoods, districts or other geographic areas by appraisal staff. The sales ratio and comparative analysis of sale property to appraised property forms the basis for determining the level of appraisal and market influences and factors for the areas. This information is the basis for updating property valuations for the entire area of property to be evaluated. Field appraisers, in many cases, may conduct field inspections to ensure the accuracy of the property description at the time of sale for this study. This inspection is to ensure that the ratios produced are accurate for the property sold and that appraised values utilized in the study are based on accurate property data characteristics observed at the time of sale. Also, property inspections are performed to discover if property characteristics have changed as of the sale date or subsequent to the sale date. Sale ratios should be based on the value of the property as of the date of sale and not after a subsequent of substantial change made to the property after the negotiation and agreement in price was concluded. Properly performed ratio studies are a good reflection of the level of appraisals for the district.

PERFORMANCE ANALYSIS

Performance Analysis – the equalized values from the previous tax year are analyzed with ratio studies to determine the appraisal accuracy and appraisal uniformity overall and by market area within property reporting categories. Mean, median, and weighted ratios are calculated for properties in reporting categories to measure the level of appraisal accuracy. In 2023, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. In 2024, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. In 2023 and 2024, any reporting category that may have been excluded from reappraisal due to lack of data to support reappraisal will be tested and analyzed to arrive at an indication of uniformity or equity of existing appraisals.

ANALYSIS OF AVAILABLE RESOURCES:

Staffing and budget requirements for tax year 2023 are detailed in the 2024 budget, as adopted by the Board of Directors of the Hale County Appraisal District, and attached to the written biennial plan by reference. This reappraisal plan is adjusted to reflect the available staffing in tax year 2023 and anticipated staffing for tax year 2024. Budget restraints can impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2023-2024 time period. Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current and specified.

PLANNING AND ORGANIZATION:

A tax calendar of key events is set out in the property tax code. This calendar identifies key events for appraisal and collections.

MASS APPRAISAL SYSTEM:

Computer Assisted Mass Appraisal (CAMA) system revisions are completed by the Information Systems Software Provider. Hale County Appraisal District has contracted with True Automation Inc., CAMACLOUD and Freshdesk.com for these services.

Real Property Valuation

Cost schedules are tested with market data (sales) to insure that the appraisal district is in compliance with 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 and compared with cost data from recognized industry leaders, such as Marshall & Swift.

Land schedules are updated using current market data (sales) and then tested with ratio study in areas where there is sufficient information available.

Personal Property Valuation

Valuation procedures are reviewed modified as needed, and tested.

**** Mineral, Industrial and Utility valuations are contracted with Thomas Y. Pickett and their appraisal plan is included with the district's plan.****

Noticing Process

25.19 appraisal notice forms are provided by the IS Provider. The Provider reviews and edits for updates and changes required by legislative mandates.

The district publishes, in the local newspaper, information about the notices and how to protest. The district makes available the latest copy of the Comptroller's publication *Property Tax Basics.* This publication can also be found on the Comptroller's website.

Hearing Process

Protest hearing scheduling for informal and formal Appraisal Review Board hearings is reviewed and updated as required. Standards of documentation are reviewed and amended as required. The appraisal district hearing documentation is reviewed and updated to reflect the current valuation process and requirements. Compliance with House Bill 201 is insured.

Data review of entire neighborhoods is generally a good source for data collection. Appraisers drive entire neighborhoods to review the accuracy of our data. The sales validation effort in real property pertains to the collection of market data for properties that have sold. In residential, the sales validation effort involves on-site inspection by field appraisers to verify the accuracy of the property characteristics and confirmation of sales prices. In commercial properties, the appraisers are responsible for contacting sales participants to confirm sales prices and to verify pertinent data.

Property owners are one of the best sources for identifying incorrect data that generates a field inspection. Frequently, the property owner provides reliable data to allow correction of records without having to send an appraiser on-site. Letters are sometimes submitted notifying the district of inaccurate data. Properties identified in this manner are added to a work file and coded for future inspection at the earliest opportunity. Accuracy and validity in property descriptions and characteristics data is the highest goal and is stressed throughout the appraisal process from year to year. Appraisal opinion quality and validity relies on data accuracy as its foundation.

Data Collection Procedures

The HCAD will assign specific areas to appraisers throughout the district to conduct field inspections. It will be the responsibility of the appraisers to become knowledgeable of all the factors that drive values for that specific area. Appraisers of real estate and business personal property conduct field inspections and record information using printed appraisal cards with the properties and allow for the entry of corrections, additions or changes the appraiser may find in his or her field inspection.

The quality of the data used is extremely important in estimating market values of taxable property. While work performance standards are established and upheld for the various field activities, quality of data is emphasized as the goal and responsibility of each appraiser. New appraisers will be trained in the specifics of data collection and the classification system set forth and recognized as rules to follow. Experienced appraisers are routinely re-trained in listing procedures prior to major field projects such as new construction, sales validation or data review.

Data Maintenance

The field appraiser is responsible for the data entry of his or her field work in the computer file in the district CAMA. The responsibility includes not only data entry, but also quality assurance. The majority of the data collected in the field is input by the field appraiser. Data updates and file modification for property descriptions and input accuracy is conducted as the responsibility of the field appraiser.

DATA COLLECTION REQUIREMENTS:

Field and office procedures are reviewed and revised as required for data collection. Activities for each tax year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties on a specific cycle, and field or office verification of sales data and property characteristics.

New Construction/Demolition/Remodeling

New construction field and office review procedures are identified and revised as needed. Sources of building permits are confirmed. The Cities of Plainview, Abernathy and Petersburg provide a copy of permits issued in the previous year. The City of Hale Center maintains and provides a list of permits. The Plainview Daily Herald newspaper is helpful in the discovery process. Properties with extensive improvement remodeling are identified and field inspections are conducted to update property characteristic data.

Re-inspection of Problematic Market Areas

Real property market areas, by property classification, are tested for low or high ratio sales. Market areas that fail any or all of these tests are determined to be problematic. Field inspections are conducted to verify and/or correct property characteristic data. Additional sales data is researched and verified.

Re-inspection of the Universe of Properties

The re-inspection includes physically viewing the property, photographing, and verifying the accuracy of the existing data. The field appraiser has an appraisal card of each property to be inspected and makes notes of changes, depreciation changes, remodeling, additions, etc. The annual re-inspection requirements for tax years 2023 and 2024 are identified and scheduled in the written reappraisal plan.

Field or Office Verification of Sales Data and Property Characteristics

Sales information must be verified and property characteristic data contemporaneous with the date of sale capture. The sales ratio tools require that the property that sold equal the property's appraised value in order for statistical analysis results to be valid.

Real Property Valuation Process

VALUATION APPROACH (REAL PROPERTY)

Land Analysis

Residential land valuation analysis is conducted prior to market areas or neighborhood sales analysis. The value of the land component to the property is estimated based on available market sales for comparable and competing land under similar usage. A comparison and analysis of comparable land sales is conducted based on a comparison of land characteristics found to influence the market price of land located in the area or neighborhood.

Area Analysis

Data on regional economic forces such as demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs may be collected from private vendors and public sources and provide the field appraisers a current economic outlook on the real estate market. Information is obtained from real estate publications and sources such as continuing education in the form of TDLR classes.

Neighborhood and Market Area Analysis

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effect of these forces is also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhood. Residential valuation and neighborhood analysis is conducted on various market areas within each of the political entities known as Independent School Districts (ISD's). Analysis of comparable market sales forms the basis for estimating market prices in any given market area, neighborhood or district. Market sales indicate the effects of these market forces and are interpreted by the appraiser into an indication of market price ranges and indication of property component change considering a given time period relative to the date of appraisal.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A "neighborhood" for analysis purposes is defined as the largest geographic grouping of properties where the property's physical, economic, governmental and social forces are generally similar and uniform. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as "delineation". Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square-footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map. Part of neighborhood analysis is the consideration of noticeable patterns of growth that influence a neighborhood's individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability, or decline.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the district. All residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest present values as of the date of appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum.

VALUATION AND STATISTICAL ANALYSIS (MODEL CALIBRATION):

Cost Schedules

All residential parcels in the district are valued with a replacement cost estimated from identical cost schedules based on an improvement classification system using comparative unit method. The district's residential cost schedules are compared with sales of new improvements and evaluated from year to year to reflect the local residential building and labor market. The cost schedules are reviewed regularly as a result of recent state legislation requiring that the appraisal district cost schedules be within a range of plus or minus 10% from nationally recognized cost schedules.

A review of the residential cost schedules is performed as necessary. As part of this review and evaluation process of the estimated replacement cost, newly constructed sold properties representing various levels of quality of construction in district are considered.

Sales Information

A sales file of sales letters is maintained for real property. Residential vacant land sales, along with commercial improved and vacant land sales are maintained in a sales information system. Residential improved and vacant sales are collected from a variety of sources, including: multiple listing services, district questionnaires sent to buyer and seller, field discovery, protest hearings, Fee appraisers, builders, and realtors. A system of type, source, validity and verification codes has been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale prices. Neighborhood sales reports are generated as an analysis tool for the appraiser in the development and estimation of market price ranges and property component value estimates. Abstraction and allocation of property components based on sales of similar property is an important analysis tool to interpret market sales under the cost and market approaches to value.

Statistical Analysis

The residential valuation appraisers perform statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies are conducted on residential properties in the district to judge the two primary aspects of mass appraisal accuracy–level and uniformity of value. Appraisal statistics of central tendency generated from sales ratios are evaluated and analyzed for the area. The level of appraised values is determined by the weighted mean ratio for sales of individual properties, and a comparison of weighted means reflect the general level of appraised value.

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

Market and Cost Reconciliation and Valuation

Neighborhood analysis of market sales to achieve an acceptable sale ratio or level of appraisal is also the reconciliation of the market and cost approaches to valuation. Market factors are developed from appraisal statistics provided from market analyses and ratio studies and are used to ascertain that estimated values are consistent with the market and to reconcile cost indicators. The district's primary approach to the valuation of residential properties uses a hybrid cost-sales comparison approach. This type of approach accounts for neighborhood market influences not particularly specified in a purely cost model.

The following equation denotes the hybrid model used:

MV = LV + (RCN – AD)

The above formula indicates that in accordance with the cost approach, the estimated market value (MV) of the property equals the land value (LV) plus the replacement cost new of property improvements (RCN) less accrued depreciation (AD). As the cost approach separately estimates both land and building contributory values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values may be needed to bring the level of appraisal to an acceptable standard as indicated by market sales. Thus, demand side economic factors and influences may be observed and considered. These market, or location adjustments, may be abstracted and applied uniformly within neighborhoods to account for location variances between market areas or across a jurisdiction. For residential property, the unit of comparison is typically the price per square foot of living area or the price indicated for the improvement contribution. This analysis for the hybrid model is based on both the cost and market approaches as a correlation of indications of property valuation. A significant unknown for these two indications of value is determined to be the rate of change for the improvement contribution to total property value. The measure of change for this property component can best be reflected and based in the annualized accrued depreciation rate. This cost related factor is most appropriately measured by sales of similar property. The market approach, when improvements are abstracted from the sale price, indicates the depreciated value of the improvement component, in effect, measuring changes in accrued depreciation, a cost factor. The level of improvement contribution to the property is measured by abstraction of comparable market sales, which is the property sale price less land value. The primary unknown for the cost approach is to accurately measure accrued depreciation affecting the amount of loss attributed to the improvements as age increases and condition changes. This evaluation of cost results in the depreciated value of the improvement component based on age and condition. The evaluation of this market and cost information is the basis of reconciliation and indication of property valuation under this hybrid model. When the appraiser reviews an area, the appraiser reviews and evaluates a ratio study that compares recent sales prices of properties, appropriately adjusted for the effects of time, within a delineated neighborhood, with the value of the properties' based on the estimated depreciated

replacement cost of improvements plus land value. The calculated ratio derived from the sum of the sold properties' estimated value divided by the sum of the time adjusted sales prices indicates the neighborhood level of appraisal based on sold properties. This ratio is compared to the acceptable appraisal ratio, 95% to 105%, to determine the level of appraisal for each neighborhood. If the level of appraisal for the neighborhood is outside the acceptable range of ratios, adjustments to the neighborhood are made.

If reappraisal of the neighborhood is indicated, the appraiser analyzes available market sales and makes adjustments accordingly. After the adjustments have been made based on analysis of recent sales located within each individual neighborhood, estimated property values will reflect the market influences and conditions only for those specified neighborhoods, thus producing more representative and supportable values.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The appraiser identifies individual properties in critical need of field review through sales ratio analysis. These properties are referred to as outliers. They are then reviewed to check for accuracy of data characteristics.

Increased sales activity has also resulted in a more substantial field effort on the part of the appraisers to review and resolve sales outliers. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction, condition, physical, functional and economic obsolescence, and other factors contributing significantly to the market value of the property.

Office Review

Once field review is completed, the appraiser conducts a routine valuation review of all properties. Valuation reports comparing previous values against proposed and final values are generated for all residential improved and vacant properties. The percentage of value difference are noted for each property within a delineated neighborhood allowing the appraiser to identify, research and resolve value anomalies before final appraised values are released. Once the appraiser is satisfied with the level and uniformity of value for each neighborhood within his area of responsibility, the estimates of value go to noticing.

Business Personal Property Valuation Process

APPRAISAL RESPONSIBILITY

There are four different personal property types appraised by the district's personal property section: Business Personal Property accounts; leased assets; vehicles and aircraft; and multi-location assets. A common set of data characteristics for each personal property account in Hale CAD is collected. The personal property appraiser collects the field data and maintains electronic property files making updates and changes gathered from field inspections, newspapers, property renditions, sales tax permit listing and interviews with property owners as well as occupancy reports from the cities.

VALUATION APPROACH (BUSINESS PERSONAL PROPERTY)

SIC Code Analysis

Business personal property is classified and utilizes a four digit numeric code, called Standard Industrial Classification Code (SIC) codes that were developed by the federal government to describe property. These classifications are used by Hale CAD to classify personal property by business type.

SIC code identification and delineation is the cornerstone of the personal property valuation system at the district. All of the personal property analysis work done in association with the personal property valuation process is SIC code specific. SIC codes are delineated based on observable aspects of homogeneity and business use.

DATA COLLECTION/VALIDATION

Sources of Data

- **Business Personal Property**
    - The district's property characteristic data was collected through a massive field data collection effort coordinated by the district over the recent past and from property owner renditions. From year to year, reevaluation activities permit district appraisers to collect new data via an annual field inspection. This project results in the discovery of new businesses, changes in ownership, relocation of businesses, and closures of businesses not revealed through other sources. Tax assessors, city and local newspapers, and the public often provide the district information regarding new personal property and other useful facts related to property valuation.
- **Vehicles**
    - The district receives a report yearly from Just Texas listing all vehicles commercially listed in Hale County or used in the production of income. We are also able to attain a listing of all personal vehicles currently registered in the Cotton Center Independent School District of Hale County from Just Texas as well. Value estimates for vehicles are provided by and are based on NADA Book published book values.
- **Leased and Multi-Location Assets**
    - The primary source of leased and multi-location assets is property owner renditions of property. Other sources of data include field inspections.

PERFORMANCE TESTS

Ratio Studies

Each year the Property Tax Division of the state comptroller's office conducts a property value study (PVS). The PVS is a ratio study used to gauge appraisal district performance. Results from the PVS play a part in school funding. Rather than a sales ratio study, the personal property PVS is a ratio study using state cost and depreciation schedules to develop comparative personal property values. These values are then compared to Hale CAD's personal property values and ratios are indicated.

THE MASS APPRAISAL REPORT:

Each tax year, the required Mass Appraisal Report is prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th). The Mass Appraisal Report is completed in compliance with STANDARD RULE 6 – 8 of the *Uniform Standards of Professional Appraisal Practice.* The signed certification by the Chief Appraiser is compliant with STANDARD RULE 6 – 9 of *USPAP.* This written reappraisal plan is attached to the report by reference.

VALUE DEFENSE:

Evidence to be used by the appraisal district to meet its burden of proof for market value and equity in both informal and formal appraisal review board hearings is specified and tested.

THE WRITTEN REAPPRAISAL PLAN FOR HALE COUNTY APPRAISAL DISTRICT

PLANNING A REAPPRAISAL

Variation in reappraisal requirements requires Hale County Appraisal District to carefully plan its work before beginning any reappraisal. Although the planning process may vary in specifics, it should involve five (5) basic steps:

1. **Assess current performance.**
2. **Set reappraisal goals.**
3. **Assess available resources and determine needs.**
4. **Re-evaluate goals and adjust as necessary.**
5. **Develop a work plan.**

STEPS IN A REAPPRAISAL

The International Association of Assessing Officers (IAAO) textbook, Property Appraisal and Assessment Administration, lists nine steps in a reappraisal. These steps outline those activities performed by Hale County Appraisal District for the completion of periodic reappraisals. Activities are listed below in the order in which they occur:

1. **Performance Analysis:**
   - **ratio study**
   - **equity of existing values**
   - **consistency of values with market activity**
2. **Revaluation Decision:**
   - **statutory – at least once every three years**
   - **administrative policy**
3. **Analysis of Available Resources:**
   - **Staffing**
   - **Budget**
   - **existing practices**
   - **information system support**
   - **existing data and maps**
4. **Planning and Organization**
   - **target completion dates**
   - **identify performance objectives**
   - **identify critical activities with completion dates**
   - **set production standards for field activities**
5. **Mass Appraisal System:**
   - **forms and procedures revised as necessary**
   - **CAMA (computer assisted mass appraisal) system revisions as required**

6. **Data Collection**

- building permits and other sources of new construction
- re-inspection of problematic properties
- re-inspection of universe of properties on a cyclic basis

7. **Valuation:**

- market analysis (based on ratio studies)
- schedules development
- application of revised schedules
- calculation of preliminary values
- tests of values for accuracy and uniformity

8. **The Mass Appraisal Report**

- establish scope of work
- compliance with Standards Rule 6 - 7 of USPAP
- signed certification by the chief appraiser as required by Standards Rule 6– 8 of USPAP

9. **Value Defense:**

- prepare and deliver notices of value to property owners
- hold informal hearings
- schedule and hold formal appeal hearings

****Note—the burden of proof (evidence) of market values and equity falls on the appraisal district.****

Hale County Appraisal District

Residential, Commercial, Rural, and Personal Property

2023/2024 Reappraisal Plan

Pursuant to Section 25.18 of the Texas Property Tax Code, the Hale County Appraisal District has established the following reappraisal plan to provide for the reappraisal of all property within the district at least once every three (3) years. The plan establishes a two-fold approach:

1. **Three-Year Cycle: Each year, all real residential and commercial property within one of the areas will be inspected and reappraised, regardless of any ratio study/report findings. By utilizing building permits and mechanic liens where available, new and demolished construction within the city boundaries will also be reviewed and reappraised. The CAD is divided into three subsets or Areas. These Areas are identified as follows:**

   a) **Area One: Includes all real properties located on Rural Maps: 1, 2, 7, 8, 13, 14, and 20-32. Properties on the aforementioned maps are mostly located in the Hale Center and Cotton Center Independent School Districts designated by school district boundary lines and the portion of Olton Independent School District lying within the boundaries of Hale County. Area One also includes all real properties located on Hale Center Maps: 1-9 and a portion Plainview including all real properties located on Plainview Maps: 1-13, 32-34, 39-45, 50-53, 60-64, 71-73, and Buffer Maps 1 & 8.. Physical field reviews will be conducted on the aforementioned market area as timing and staff allow. (To be completed in 2025)**

b) **Area Two: Includes all real properties located on Rural Maps: 33-47. Properties on the aforementioned maps are mostly located in the Abernathy and Petersburg Independent School Districts designated by school district boundary lines. Area Two also includes all real properties located on Abernathy Maps: 1-7 and a portion of the City of Plainview including all real properties located on Plainview Maps: 56-59, 67-70. 74-97, and Buffer Maps 3-7. Seth Ward Maps 19-31 are also included Physical field reviews will be conducted on the aforementioned market area as timing and staff allow. (To be completed 2023)**

c) **Area Three: Includes all real properties located on Rural Maps: 3-6, 9-12, 15-19, and Edmonson Maps: 1-3. Properties on the aforementioned maps are mostly located in the Plainview Independent School District designated by school district boundary lines. Area Three also includes all real properties located on Petersburg Maps: 1-7 and a portion of the City of Plainview including all real properties located on Plainview Maps: 14-18, 35-38, 46-49, 54-55, 65-66 and Buffer Map 2. Physical field reviews will be conducted on the aforementioned market area as timing and staff allow. (To Be completed in 2024)**

****Note: all income producing personal property within the CAD is appraised on an annual basis, regardless of its location. Productivity values are adjusted yearly based on an annual agricultural study.****

2. **Market Area Analysis: Market areas are individual groups of properties that are mass appraised annually based on sales ratio reports. The properties within these market areas have similar characteristics (location, size, age, construction grade, condition, etc.) and are identified by a neighborhood code. Any neighborhood codes whose ratios are above or below statutory requirements shall be mass adjusted accordingly in the current year regardless of the area in which they are located.**

   The market areas in our District are defined as the City of Plainview, City of Abernathy, City of Hale Center and City of Petersburg. The rural areas represent one market area. These areas are broken down further by neighborhood codes that are property specific as stated above.

This two-fold approach will insure not only that all residential and commercial property within the CAD is reappraised at least once every three years, but also that all other categories within the CAD are reviewed annually so that the appraisal district stays current with respect to market value in those areas where residential and/or commercial property values appear to be changing rapidly.

ORGANIZATION

Field inspections are carried out by the field appraiser. The property is physically inspected in areas required by the reappraisal cycle. The appraiser checks all existing data, works building permits, takes photographs of improvements, draws plans of new improvements for entry into computer, rechecks any property on which a question or problem has arisen. Other duties may be required and will be executed upon direction of the chief appraiser. Data entry of field work notes and sketches is performed by appraisal district staff.

The chief appraiser performs market analysis. Sales data is gathered throughout the year from deed records, sale confirmation letters from property owners, multiple listing services and other sources. The market data is analyzed, sales data is confirmed, outliers are identified, existing classification system is reviewed, market schedules are reviewed and updated as necessary, and final market schedules are applied to the universe of properties.

2023 REAPPRAISAL PLAN

1. **Mid December 2022:**

   - **Begin planning sales ratio studies for all areas within the CAD.**
   - **Gather current sales data from multiple listings, sales confirmation letters, deed records, and other sources.**

2. **January to March:2023**

   - **Mail homestead applications, special-use valuation applications, personal property renditions, exemption applications, and any other required forms.**
   - **Complete field inspections as provided by the reappraisal plan area.**
   - **Begin running sales ratio reports.**
   - **Compare with CAD values and sales information.**
   - **Identify necessary schedule adjustments.**

3. **March through April:2023**

   - **Continue running sales ratio reports.**
   - **Refine sales analysis and mass appraisal schedules.**
   - **Statistically test schedules.**
   - **Complete data entry of all reappraisal and maintenance changes.**
   - **Assist field appraiser with reappraisal functions as needed.**
   - **Finalize all field work and data collection activities.**
   - **Execute mass appraisal/maintenance activities as required.**
   - **Prepare for mailing 2023 Notices of Value.**

4. **May through July:**

   - **Hold informal hearings.**
   - **Respond to property owner's inquiries, protests and questions from notice mailings.**
   - **Provide certified estimated values to taxing units.**
   - **Hold ARB hearings.**
   - **Process and mail ARB orders.**
   - **Enter into computer all changes as ordered by ARB and notify other CADs if the ordered change falls into an over-lapping area.**
   - **ARB approval of appraisal records by July 25th.**
   - **Certification of appraisal records and values to taxing units by July 25th.**

5. **As needed throughout the year:**

   - **Handle any outstanding protests by scheduling ARB hearings.**

<u>2023 REAPPRAISAL SCHEDULE</u>

The same timetable and duties apply in each year. The field appraiser shall physically inspect all property in as described in Area (1) thru (3) The chief appraiser and CAD staff shall continue to complete the same duties and reappraisal steps as outlined for 2023, 2024 and 2025.