

# COLEMAN COUNTY APPRAISAL DISTRICT



## 2023 MASS APPRAISAL REPORT

## **WEBSITE HOMEPAGE**

<https://colemancad.net>

## **MISSION STATEMENT**

The mission of the Coleman County Appraisal District is to achieve fair and equitable values among all classes of property by maintaining the highest standards in mass appraisal practices and maintaining accurate and complete property records. We are guided by the goals of providing quality service to the public, developing high-performance employees through continuing education and training, and by efficiently managing district growth through the use of technological tools which expedite the workflow and dissemination of information to the staff, taxing entities, and the public. We are dedicated to serving the citizens of this community.

## **APPRAISAL DISTRICT DUTIES**

In 1980, an appraisal district was established in each Texas County and is a political subdivision of the State of Texas. The Coleman County Appraisal District (CCAD) is responsible for appraising property for ad valorem (according to value) tax purposes of each taxing unit that imposes ad valorem taxes on property within Coleman County. Currently, the Property Tax Assistance Division (PTAD) of the Texas Comptroller's office audits each appraisal district in the state. The PTAD, using annual on-site inspections, verifies that the appraisal district complies with a uniform standard of appraisal methodology, which supports appraisal accuracy. The appraisal district is responsible for estimating local property tax appraisal at market value and exemption administration for each of the 11 taxing units that imposes ad valorem taxes on property in Coleman County.

## **COLEMAN COUNTY GENERAL INFORMATION**

Coleman County is located in west central Texas with a population of about 7,850. Coleman, the county seat and the largest town, is located approximately sixty miles southeast of Abilene and has a current estimated population of 3,998. The county has a total area of 1,281 square miles, of which 1,262 square miles are land and 19 square miles are covered in water. The county is bordered on the south by the Colorado River, on the north by Taylor and Callahan counties, on the west by Runnels County, and on the east by Brown County. Coleman County lies in the transitional area between the Edwards Plateau and the Rolling Plains and has some characteristics of each. The northern half of the county is drained by Jim Ned Creek and Hords Creek, which meet and flow in the Pecan Bayou in neighboring Brown County. Both creeks have been dammed and have reservoirs on them, Coleman Lake on Jim Ned Creek and Hords

Creek Lake on Hords Creek. The southern half of the county is drained by the Colorado River. Grape Creek and Bull Creek are the two major tributaries of the Colorado River. The O. H. Ivie Reservoir, located on the Colorado River, has a 19,149-acre surface. This lake is shared with Concho County and Runnels County. Temperatures range from an average low of 34 degrees in the winter to an average of 96 degrees in the summer. Average rainfall is 26.8 inches. The county's natural resources are oil, gas, rock, and clay. Transportation needs are met by U.S. Highway 67, U.S. Highway 84, U.S. Highway 283, State Highway 153, and State Highway 206.

# **INTRODUCTION**

## **SCOPE OF RESPONSIBILITY**

The Coleman County Appraisal District has prepared and published this report to provide our citizens and taxpayers with a better understanding of the district's responsibilities and activities. This mass appraisal report was written in compliance with Standards Rule 6 of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of The Appraisal Foundation. This report has several parts: an introduction and then several sections describing the appraisal effort by the appraisal district.

The Coleman County Appraisal District (CCAD) is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the Appraisal District. A five-member board of directors, appointed by the taxing units within the boundaries of Coleman County constitutes the district's governing body. The chief appraiser, appointed by the board of directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for local property tax appraisal and exemption administration for 11 taxing units in the county. The taxing units that participate in the district must use the appraisals as the basis for imposition of property taxes. The State of Texas allocates state funds to school districts based upon the district's appraisals, as tested, and modified by the State Comptroller of Public Accounts. The district also determines eligibility for various property tax exemptions for homeowners, the elderly, disabled veterans, and charitable or religious organizations.

The purpose and intended use of the appraisals performed by the Coleman CAD is to estimate market value for ad valorem tax purposes for the taxing units located within the district's boundaries. It is the goal of the staff of the Coleman CAD to provide the best possible service to the tax paying public and the taxing units. The Coleman CAD staff promotes and adheres to the professional standards and ethics as set forth by the Texas Department of Licensing and Regulation (TDLR), Texas Association of Appraisal Districts (TAAD), Texas Association of Assessing Officers (TAAO), and the International Association of Assessing Officers (IAAO).

The current taxing units in Coleman County are:

Coleman County General  
Coleman County Road  
Coleman Hospital District  
City of Coleman  
City of Novice  
City of Santa Anna

Bangs ISD  
Coleman ISD  
Cross Plains ISD  
Panther Creek CISD  
Santa Anna ISD

Each taxing unit sets its own tax rate. Current state law, set out in Section 6.02(a) of the Texas Property Tax Code, mandates that appraisal district boundaries are the same as the county's boundaries.

These mass appraisal results are an estimate of the market value of each taxable property within the district's boundaries.

The definition of market value as established by the State Property Tax Code differs from the definition established by USPAP, therefore, a JURISDICTIONAL EXCEPTION applies.

Except as otherwise provided by the Tax Code, all taxable property is appraised at its "market value" as of January 1. Under Section 1.04 of the Tax Code, "market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

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

The Tax Code defines special appraisal provisions for the valuation of several different categories of property. Specially appraised property is taxed on a basis other than market value as defined above. These categories include residential homestead property (Sec. 23.23, Tax Code), agricultural and timber property (Chapter 23, Subchapters C, D and E, Tax Code), real and personal property inventory (Sec. 23.12, Tax Code), certain types of dealer inventory (Sec. 23.121, 23.124, 23.1241 and 23.127), nominal (Sec. 23.18) or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec. 23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1<sup>st</sup> of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1<sup>st</sup>.

The Texas Property Tax Code, under Sec. 25.18, requires each appraisal district board to adopt a written plan each even-numbered year for the periodic reappraisal of all property within the boundaries of the district. The written plan must provide for the update of appraised values for all real property and personal property in the district at least once every three years. The district's current policy is to conduct a general reappraisal every three years. However, appraised values are reviewed annually and are subject to change for purposes of equalization.

The scope of work for the 2023 mass appraisal for Coleman County Appraisal District was to appraise property located in Santa Anna ISD as listed in the adopted Reappraisal Plan, 2023-2024.

## **PROPERTIES APPRAISED**

The mass appraisal report is based on all taxable real and personal property known to the appraisal district as of the date of this report, except for certain properties still under protest, for which valuation was not complete as of the date of this report. By law, value exceptions or late protests will be supplemented and finalized for each jurisdiction after the equalization board certifies the values. The property rights appraised were fee simple interests, except for leasehold interests in property exempt to the holder of the property's title. The latter is appraised under a statutory formula described in Section 25.07, the Tax Code. The description and identification of each property appraised are included in the appraisal records submitted to the Coleman County Appraisal Review Board (ARB) each year.

Supporting information used for this report, such as individual property records, sales ratio reports, market studies, modeling documentation, appraisal manuals and procedures, regulations, and statutes, is voluminous and is generally kept in electronic format; however, the information is available to the general public at the appraisal district, except where protected by statute by confidentiality regulations.

The Coleman County Appraisal District Reappraisal Plan 2023-2024 required an inspection of all parcels located in Santa Anna ISD. In addition to inspections of all parcels located in Santa Anna ISD, the Category A and E properties were moved to the Western Valuation Consulting's residential cost schedules. Due to market conditions and the information contained in the 2022 Property Value Study for Panther Creek CISD, Coleman CAD moved all Category A and E properties to this same schedule. All convenience stores in Coleman County were moved to an updated schedule. New schedules were created for fuel center canopies, boxcars, shipping containers, and mobile home/RV spaces. The two motels within the City of Coleman were put on the income approach. The Low-Income Tax Credit Apartment discovered in Santa Anna was reappraised using the income approach method.

## **GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

The appraised value estimates provided by the district are subject to the following conditions:

The appraisals were prepared exclusively for ad valorem tax purposes. The property characteristic data for assessments is assumed to be correct.

Sales transactions were validated through questionnaires to buyers and sellers, and other credible local sources such as lenders, brokers, and appraisers. As such, these transactions were considered reliable.

- No responsibility is assumed for the legal description or matters, including legal or title considerations. The title to any property is believed to be good and marketable unless otherwise stated.
- Unless otherwise stated, all property is appraised as free and clear of liens or encumbrances. All taxes are assumed to be current.
- All property is appraised as under responsible, adequately capitalized ownership and competent property management.
- All engineering is assumed to be correct. Any plot plans or illustrative material contained with the appraisal records are included only to visualize the property.
- This mass appraisal report assumes full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless a nonconformity has been stated, defined, and considered in this mass appraisal report.
- It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- It is assumed that the utilization of the land and improvements of the properties described are within the boundaries or property lines and that there are no encroachments or trespasses unless noted on the appraisal record.

Unless otherwise stated in this report or noted on the appraisal record, the appraiser is not aware of the existence of hazardous substances or other environmental conditions. The value estimates are predicted on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

Texas is a non-disclosure state in which buyers and sellers are not required to report sales transactions, therefore, Coleman County Appraisal District uses great diligence in attempting to acquire sales data but is limited in its ability to gather sales data by current legislation.

## **EFFECTIVE DATE OF APPRAISAL**

Except for certain inventories for which the property owner has elected a valuation date of September 1; all appraisals are as of January 1. The date of this report is October 12, 2023.

## **DETERMINATION OF HIGHEST AND BEST USE FOR REAL PROPERTY**

The district's market value appraisals are performed pursuant to Article VIII, Sec. 1, Texas Constitution, which provides that property must be taxed in proportion to its value as determined by law, Section 23.01. The Texas Tax Code outlines the criteria necessary to support Section 23.01 and implements this provision as follows:

### **§ 23.01. Appraisals Generally**

- a) Except as otherwise provided by this chapter, all taxable property is appraised at its market value as of January 1.
- b) The market value of property shall be determined by the application of generally accepted appraisal methods and techniques. If the appraisal district determines the appraised value of a property using mass appraisal standards, the mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice. The same or similar appraisal methods and techniques shall be used in appraising the same or similar kinds of property. However, each property shall be appraised based upon the individual characteristics that affect the property's market value, and all available evidence that is specific to the value of the property shall be taken into account in determining the property's market value.
- c) Notwithstanding Section 1.04(7)(C), in determining the market value of a residence homestead, the chief appraiser may not exclude from consideration the value of other residential property that is in the same neighborhood as the residence homestead being appraised and would otherwise be considered in appraising the residence homestead because the other residential property:
  - (1) was sold at a foreclosure sale conducted in any of the three years preceding the tax year in which the residence homestead is being appraised and was comparable at the time of sale based on relevant characteristics with other residence homesteads in the same neighborhood; or
  - (2) has a market value that has declined because of a declining economy.
- d) The market value of a residence homestead shall be determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property.
- e) Notwithstanding any provision of this subchapter to the contrary, if the appraised value of property in a tax year is lowered under Subtitle F, the appraised value of the property as finally determined under that subtitle is considered to be the appraised value of the property for that tax year. In the following tax year, the chief appraiser may not increase the appraised value of the property unless the increase by the chief appraiser is reasonably supported by substantial evidence when all of the reliable and probative evidence in the record is considered as a whole. If the appraised value is finally determined in a protest under Section 41.41(a)(2) or an appeal under Section 42.26, the chief appraiser may satisfy the requirement to reasonably support by substantial evidence an increase in the



appraised value of the property in the following tax year by presenting evidence showing that the inequality in the appraisal of property has been corrected with regard to the properties that were considered in determining the value of the subject property. The burden of proof is on the chief appraiser to support an increase in the appraised value of property under the circumstances described by this subsection.

"Highest and best use" is the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. Except for residence homesteads, this definition of highest and best use still applies to appraisals conducted under the Tax Code.

## **PERSONNEL RESOURCES**

The office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of district operations. The administration department's function is to plan, organize, direct, and control the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities, and postal services. The appraisal department is responsible for the discovery, listing, and valuation of all real and personal property accounts. The property types appraised include commercial, residential, agricultural, business personal, mineral, utilities, and industrial. The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing and Regulation (TDLR) whose website can be viewed at <http://www.tdlr.texas.gov/>

Support functions including records maintenance, information and assistance to property owners, and ARB hearings are coordinated by personnel in support services. The Coleman CAD staff usually consists of 5 full-time employees but had one vacancy for 2023. They are listed as follows:

TITLE	NAME	TDLR #	TYPE OF ASSISTANCE
CHIEF APPRAISER	EVA BUSH, RPA RTA, CTA, CCA	67906	OVERALL DISTRICT OVERSIGHT, REAL, COMMERCIAL, PERSONAL
OFFICE MANAGER	CAROL WEAVER, RTA	72268	OFFICE MANAGER, COLLECTIONS, APPRAISAL SUPPORT

BUSINESS PERSONAL PROPERTY	JAYME HAWLEY, LEVEL 1 APPRAISER	77639	PERSONAL, APPRAISAL SUPPORT
COLLECTIONS CLERK	TANA BECKSTEAD		COLLECTIONS CLERK; CLERICAL SUPPORT ARB ASSISTANCE
COLLECTIONS/APPRAISAL CLERK	VACANT		COLLECTIONS CLERK, APPRAISAL SUPPORT

Coleman CAD employs the services of Western Valuation and Consulting, for the residential and commercial properties. Significant assistance is given by the following:

**WESTERN VALUATION & CONSULTING STAFF:**

NAME	TDLR #	APPRAISAL RESPONSIBILITY
RICHARD PETREE, RPA, RTA, CTA, CCA	16308	REAL, COMMERCIAL, PERSONAL
BENNETT SIMPSON, LEVEL II APPRAISER	76560	REAL, COMMERCIAL

Coleman CAD employs the services of Thomas Y. Pickett & Co., for all oil and gas properties and all Complex Properties for Category L and J within the boundaries of the appraisal district. They appraise 1,570 oil and gas properties and 513 Category L and J properties. Significant assistance is given by the following:

**THOMAS Y PICKETT & CO STAFF:**

NAME	TDLR #	APPRAISAL RESPONSIBILITY
MICHAEL PARKS, RPA	72761	MINERALS
DANNY HENDRIX, RPA	65564	UTILITIES/INDUSTRIAL
DANIEL SHALLUE, LEVEL III APPRAISER	76602	UTILITIES/INDUSTRIAL

The district uses computer software provided by Tyler Technology for its data processing of all appraisal records and maintenance of its CAMA system.

The district uses BIS Consultants for its website and interactive map.

## **STAFF EDUCATION AND TRAINING**

All personnel that are performing appraisal work must be registered with the TDLR and they are required to take appraisal courses to achieve the status of Registered Professional Appraiser within five years of employment as an appraiser. After they are awarded their license, they must receive additional training for continuing education units as required by the TDLR. Failure to meet these minimum standards results in the termination of the employee.

Additionally, all appraisal personnel receive extensive training in data gathering processes including data entry onto appraisal cards used in field work and statistical analyses of all types of property to ensure equality and uniformity of appraisal of all types of property. On-the-job training is delivered by department managers for new appraisers and managers meet regularly with staff to introduce new procedures and regularly monitor appraisal activity to ensure that standardized appraisal procedures are being followed by all personnel. All employees attend conferences, seminars, workshops and meetings when these courses pertain to their job descriptions.

## **VALUATION APPROACH**

Coleman CAD follows procedures for mass appraisal as outlined in the IAAO Standard on Mass Appraisal of Real Property. Refer to the district's Appraisal Manual and to Reappraisal Plan USPAP Standard 6.

## **PROPERTY TYPES APPRAISED**

The district is comprised of 14,264 property accounts comprising residential, commercial, land, and business personal property accounts. The District contracts with Thomas Y. Pickett Co. to appraise industrial property, oil and gas, other sub-surface interests, water systems, gas distribution systems, electric and telephone companies, railroads, pipelines, cable companies, and industrial personal property in the district.

The Property Tax Assistance Division of the Texas State Comptroller's Office requires properties to be identified by type using a standard identification code. The following represents a summary of property types with the certified values appraised by the district for 2023.

<b>PTAD Classifications</b>	<b>Property Type</b>	<b>Parcel Count</b>	<b>Market Value</b>
A	Single Family Residential	3,576	\$166,716,470
B	Multifamily Residential	31	\$2,879,780
C1	Vacant Lots	1,747	\$2,536,930
D1	Qualified Open-Space Land	5,322	\$2,001,279,350
D2	Farm/Ranch Imps-Qualified	1,348	\$23,740,841
E	Rural Residential Non-Qualified	2,313	\$236,102,999
F1	Commercial Real Property	512	\$34,101,190
F2	Industrial Real Property	19	\$2,672,240
G1	Oil and Gas	1,570	\$9,843,530
J1	Water Systems	1	\$4,630
J2	Gas Distribution Systems	8	\$6,590,060
J3	Electric Companies	36	\$67,672,700
J4	Telephone Companies	41	\$4,638,710
J5	Railroads	17	\$49,115,870
J6	Pipelines	294	\$9,759,130
J7	Cable Companies	1	\$60,060
J9	Railroad Rolling Stock	2	\$13,046,652
L1	Personal Property Commercial	415	\$18,197,730
L2	Personal Property Industrial	115	\$6,592,170
M1	Mobile Homes Personal Property	97	\$3,229,170
S	Special Inventory	9	\$1,845,090
<b>TOTAL MARKET VALUE \$2,660,625,302</b>			

<b>LAND TYPE DESCRIPTION</b>	<b>TOTAL ACRES</b>	<b>MARKET VALUE</b>	<b>AG VALUE</b>
Dryland Crop	167,831	\$410,519,504	\$12,303,010
Improved Pasture	27,993	\$72,488,004	\$1,792,712
Native Pasture	561,174	\$1,466,388,712	\$28,687,918
Wildlife	19,793	\$51,883,130	\$1,075,200
<b>TOTALS</b>	<b>776,792</b>	<b>\$2,001,279,350</b>	<b>\$43,858,840</b>

The following is a list of taxable values by taxing units for 2023 and the exemptions administered by the Coleman County Appraisal District:

**2023 TAXING UNITS - TAXABLE VALUES AND RATES**

<b>Taxing Units</b>	<b>Number of Properties</b>	<b>Taxable Value</b>	<b>Tax Rates</b>
Coleman County General	14,264	\$632,385,152	0.600700
Coleman County Road	14,262	\$612,312,447	0.222000
City of Coleman	3,516	\$156,041,040	0.470729
City of Novice	222	\$4,296,920	0.475211
City of Santa Anna	883	\$39,656,830	0.649453
Coleman Hospital District	14,262	\$638,755,750	0.330000
Bangs ISD	106	\$2,177,890	0.794100
Coleman ISD	7,738	\$217,159,446	0.826300
Cross Plains ISD	276	\$6,079,270	0.757500
Panther Creek CISD	3,280	\$141,118,157	0.808700
Santa Anna ISD	2,862	\$134,223,644	0.741100

**TAX EXEMPTION INFORMATION**

COUNTY REGULAR HOMESTEAD – 10% OR MINIMUM OF \$5,000  
 COUNTY ROAD REGULAR HOMESTEAD - 10% OR  
 A MINIMUM OF \$5,000 PLUS \$3,000 - \$8,000 MINIMUM

**SCHOOL DISTRICTS:**

REGULAR HOMESTEAD - \$100,000  
 OVER 65 OR DISABILITY - \$10,000

**DISABLED VETERANS' EXEMPTION APPLIES TO ALL TAXING ENTITIES**

10-30% Disability - \$ 5,000  
 31-50% Disability - \$ 7,500  
 51-70% Disability - \$10,000  
 71-100% Disability - \$12,000

ALL DISTRICTS GIVE EARLY PAYMENT DISCOUNTS – 3% OCTOBER, 2%  
 NOVEMBER,  
 1% DECEMBER

SPLIT PAYMENTS - ½ PAYMENT CAN BE MADE IN OCTOBER OR NOVEMBER AND  
 LAST ½ PAYMENT CAN BE PAID BY JUNE 30<sup>TH</sup> OF THE FOLLOWING YEAR WITH  
 NO PENALTY

## **MARKET ANALYSIS**

National, regional, and local trends affect the universe of properties appraised in Coleman County. An awareness of social, economic, governmental and environmental conditions is essential in understanding, analyzing, and identifying local trends that affect the real estate market.

Market analysis is performed throughout the year. Both general and specific data is collected and analyzed. An in-house ratio study is conducted at least once a year.

Examples of sources of general data include "The Statement" published by the State Comptroller's Office, "The Appriser" published by the Texas Association of Appraisal Districts, and the "TAN Magazine" published by the Texas Association of Assessing Officers. When possible, local sources such as lending institutions, local realtors, and articles published in the local and area newspapers are used to obtain financing information, market trends and information, demographics, and labor statistics.

Sales information is received from various sources. The Multiple Listing Service of the Abilene Board of Realtors is a good source of data, for both property description and market sales data. Asking prices can be gathered from the local newspaper and realtor listings. Information is also gathered from conversations with local real estate appraisers, agents, and brokers. Sales confirmation letters are mailed to each new owner when a property changes ownership.

The Coleman County Clerk's office has provided the district a website link to look at public records filings and download any deed that in order to process the deeds so that they can be processed to update ownership records and correct legal descriptions. Once deeds are processed, and the ownership changes have been made, a sales confirmation letter is mailed to the buy to obtain information on the sale.

This information is not mandatory in the State of Texas and only a small percentage of letters are returned with useful information. This is a serious problem in that there is usually inadequate sales data to perform as thorough an analysis of sales data as USPAP would require. However, every effort is made to use what data is available. PTAD also sends out sales letters and that data can be made available to the appraisal district at least once a year.

Coleman CAD currently does reappraisal on a three-year basis. The reappraisal includes the inspection of properties and the updating of all information on the properties. Sales and market analysis are performed each year on residential properties, as information is available. Each year new properties are inspected, measured and added to the appraisal roll. Individual properties are also reappraised with changes to the condition as the property warrants; for example, fire, remodeling, an addition, or demolition of a portion of the improvement. Appraisers will perform detailed field inspections of properties if requested by the owner.

The appraisers performing reappraisal in the field have property record cards that contain specific information regarding the property being appraised. These cards contain brief legal descriptions, ownership interests, property use codes, property addresses, land size, sketches of improvements as well as any available detailed information of the improvements. A copy of a property card may be obtained in the appraisal district office.

Field inspections require the appraiser to check all information on the property record cards and to update if necessary. If physical inspection of the property indicates changes to improvements, the appraiser notes these changes in the field. Examples of types of changes may be condition or effective age of the improvements as well as additions to the improvements. The classification of residential properties is also reviewed during the revaluation process. New improvements are also added at this time.

## **DATA COLLECTION AND VALIDATION**

Coleman CAD cost and value schedules include land and residential improvements. Commercial schedules are comprised by using information from the "Mashall & Swift Valuation Service" guide and local factor adjustments. "Marshall & Swift Valuation Service" is a national based cost manual and is generally accepted throughout the nation by the real estate industry. The cost manual is based on cost per square foot and also the unit in place method. The unit in place method involves the estimated cost by using actual building components. This national based cost information service provides the base price of buildings as per classification with modifications for equipment and additional items. The schedule is then modified for time and location.

Business Personal Property Quality and Density tables were made available to the district by a contracted appraisal firm of Western Valuation and Consulting. Specialized business personal property equipment is valued using the "Marshall & Swift Service Guide". Coleman CAD has 415 Business Personal Property accounts with the majority being small, locally owned businesses. The appraiser relies on renditions and on-site inspections to determine a fair value. The quality and density tables, the depreciation schedule, and the cost guide are used in conjunction with personal property renditions and on-site inspections. Renditions are confidential sources and cannot be used for specific information. However, data from renditions may be compared with data from cost manuals and used to test for accuracy.

Coleman CAD schedules are then formulated from a combination of each of these sources. Schedules may also be modified by use of local market data (sales information) to further ensure the accuracy of the cost and valuation schedules.

Data on individual properties is also collected from the field, compiled and analyzed. Buildings and other improvements are inspected in the field, measured and classified. The appraiser estimates the age of improvements and determines the condition of the

improvements. This data is used to compile depreciation (loss of value) tables, and any notes pertaining to the improvements are made at this time.

Currently, single family dwellings are classified for quality and type of construction, whether frame or brick veneer. The classifications range from a class RS1F – a wood frame low to RS6M – a masonry excellent quality. Class RS1F is the most basic of structures using the poorest quality materials and lowest workmanship while a class RS6M structure is of the highest possible quality using only the best of materials and the highest and best quality workmanship available. For any dwelling that exceeds the general description of the top-most classification, a special class is assigned using the “Marshall & Swift Valuation Service” guide.

Age of building is used to estimate depreciation and based on effective age of the improvements. Effective age is the age the property appears to be due to maintenance and upkeep. Effective age for a house that is properly maintained may be its actual or chronological age. However, if a structure suffers from deferred maintenance due to neglect, its effective age may be older than the actual age. In contrast, if a house is an older structure and has been remodeled or updated, its effective age may be less than its actual age.

Depreciation is also estimated by condition of the improvements. Condition ranges from poor to excellent. Appraisers in the field usually inspect structures from exterior perspectives. The interior condition is assumed to be similar to the exterior; however, if the property owner requests so, an interior inspection may be made.

Foundation failure may occur in varying degrees and may also result in loss of value. The appraiser makes allowances for foundation problems on a case-by-case basis.

Additional depreciation may be estimated for a variety of reasons including functional obsolescence resulting from bad floor plans or out of date construction methods. Economic obsolescence results from a loss of value to a property due to adverse influences from outside the physical boundaries of the property. Examples of economic obsolescence may be proximity to correctional facilities, location of residences outside city limits with no access to city amenities, residences located near landfills, etc.

## **VALUATION ANALYSIS**

Coleman CAD valuation schedules are divided into three main classifications: residential, commercial, and personal property. These schedules are based on the most appropriate data available. Miscellaneous special categories such as mobile homes, special inventory, and agricultural land are appraised using different techniques, which are addressed later in this report. Depreciation tables/schedules are also included within these schedules. These tables are calibrated from costs as well as sales data and updated as needed. These tables and schedules are included in the “Appraisal Manual” maintained by the appraisal district.



## **RESIDENTIAL SCHEDULES**

Residential valuation schedules are cost based tables modified by actual sales data from the county. That is, the cost reflects actual replacement cost new of the subject property. Market research indicates that the common unit of comparison for new residential construction as well as sales of existing housing is the price paid per square foot. The value of extra items is based on their contributory value to the property. This value may be estimated by the price per square foot or a value of the item as a whole. This data is extracted from the market by paired sales analysis and conversations with local appraisers and brokers.

The residential schedule is based on the size, age, and condition of the structure, quality of construction, contributory value of extra items, and land value. Each of these variables has a direct impact on the cost as well as the property. The following is an example of each of the variables and how they affect market value:

1. **Quality of construction:** Residential construction may vary greatly in quality of construction. The type of construction affects the quality and cost of material that is used, the quality of the workmanship, as well as the attention to detail. The cost and value of residential property will vary greatly depending on the quality of the construction. As state above, Coleman CAD's residential schedules currently class houses based on quality of construction from RS1F to RS6M. This classification schedule is based on the Property Tax Assistance Division's definitions of residential classes of dwellings with modification for local market.
2. **Size of structure:** The size of a structure also has a direct impact on its cost as well as value. The larger the structure is the less the cost per square foot. Coleman CAD's schedules are graduated in size increments per square feet, and depending on market conditions.
3. **Condition of improvements:** Coleman CAD rates conditions from poor, fair, average, good, or excellent. Properties that in the opinion of the appraiser are unlivable may be taken off the schedule and given a salvage value.
4. **Age of structure:** Coleman CAD's residential depreciation schedule calculates depreciation factors until the maximum amount of depreciation is reached. As stated above, effective age and chronological age may be the same or different depending on the condition of the structure.
5. **Extra items:** As stated above, extra items are valued according to their contributory value to the whole. Examples of extra items include storage buildings, swimming pools, fireplaces, additional baths, etc.
6. **Land value:** Coleman CAD values land based on market transactions when possible. As there are not always market transactions available, other recognized methods of land valuation may be used. The two most common

methods are the land residual method and the land ratio method. Land schedules are available at the appraisal district office.

## **HIGHEST AND BEST USE ANALYSIS**

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal, unless the property is appraised under a JURISDICTIONAL EXCEPTION. The highest and best use must be physically possible, legally permissible, financially feasible, and most productive to the maximum allowed usage of the property. The highest and best use of residential property is normally its current use. This is due in part to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine the individual property that qualifies for an appraisal under JURISDICTIONAL EXCEPTION

## **LIMITATION ON APPRAISED VALUE OF RESIDENCE HOMESTEADS**

Beginning in 1998, the State of Texas implemented a constitutional classification scheme convening that appraisal of residential property that receives a residence homestead exemption. Under the new law, beginning in the second year a property receives a homestead exemption, increases in the value of that property are "capped". The value for tax purposes (appraised value) of a qualified residence homestead will be the LESSER of:

- The market value; or
- The preceding year's appraised value.  
PLUS, 10 percent of the appraised value of the property for the preceding tax year  
PLUS, the value of any new improvements to the property

The value of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires as of January 1<sup>st</sup> of the following year. In that following year, that home is reappraised at its market value to bring its appraisal into uniformity with other properties.

An analogous provision applies to new homes. While a developer owns them, unoccupied residences are appraised as part of an inventory using the district's land value and the developer's construction cost as of the valuation date. However, in the year following the sale, they are reappraised at market value.

## **COMMERCIAL SCHEDULES**

Commercial properties are valued using valid market transactions in the area along with the "Marshall & Swift Valuation" schedules for commercial property. Replacement cost is determined and then adjusted for location. Depreciation is then applied using physical observation of the property.

## **INCOME PRODUCING PROPERTIES & LOW-INCOME HOUSING CAPITALIZATION RATE**

Pursuant to House Bill 3546, "not later than February 1<sup>st</sup>, the appraisal district shall give public notice, in the manner determined by the district, including posting on the district's website, if applicable, of the capitalization rate to be used in that year to appraise property receiving an exemption under this section".

Pursuant to §11.1825(r) of the Texas Property Tax code, the Coleman County Tax Appraisal District gives public notice of the capitalization rate to be used for tax year 2023 to value properties receiving exemptions under this section. A base capitalization rate of 9% will be used to value these properties, although adjustments may be made based on individual property characteristics and information provided to the Chief Appraiser as required under §11.182(d) and §11.182(g), Texas Property Tax Code

## **PERSONAL PROPERTY SCHEDULES**

The personal property schedules value business furniture, fixtures, and equipment as well as inventory that is taxable by law. Business vehicles located within the appraisal district boundaries are also appraised for ad valorem tax purposes.

Business personal property values are derived from several sources. Business owners are required by Texas Law to render their income producing personal property each year. Rendered values are used on business personal property if the value is reasonable when compared to other businesses of the same type. Should the rendered values not be acceptable, then the quality density tables are used to establish values. Value on all business personal property not rendered is established using the quality density schedules for the type of business being valued. Depreciation is determined by the age of the property and its expected life. Schedules are available in the appraisal district office.

Business vehicles are valued based on the "J.D. Power Used Car Guide" average trade-in value for the particular make, model, and age of the vehicle. The trade-in value may also be obtained from used car sales websites available on the internet. When adverse factors such as high mileage are known, then the appropriate adjustments are made to the value.

# AGRICULTURAL VALUATION PROCESS

## Definition of Agricultural Value

Net to land values is the average annual net income that a class of land would be likely to have generated over a five-year period.

## Scope of Responsibility

The mass appraisal of agricultural land includes all land classified as 1-d-1 and 1-d agricultural uses, which are appraised on the land's ability to produce agricultural products or timber. The mass appraisal of agricultural property involves applying similar values within the same agricultural categories and classes and is appraised according to the Tax Code guidelines. Appraisal values are calculated using the cash lease method. A cash lease is an agreement between landowner and tenant to lease property at a fixed cash payment.

In order for land to qualify under this special use, it must be devoted principally to agricultural use. *“Agriculture” means the use of land to produce plant or animal products, including fish or poultry products, under natural conditions but does not include the processing of plant or animal products after harvesting or the production of timber or forest products. The term also includes the use of land for wildlife management. The term also includes the use of land to raise or keep bees for pollination or for the production of human food or other tangible products having a commercial value, provided that the land used is not less than 5 or more than 20 acres.*

Section 23 of the Texas Property Tax Code allows a property owner to have his land taxed on productivity value instead of market value after making the appropriate application to the Appraisal District and the application being granted.

## Application Filing and Processing

A sample Agricultural Open Space Application Form is available on the Texas State Comptroller's website and can be viewed at:

<https://comptroller.texas.gov/forms/50-129.pdf>

A property owner must file an application for special appraisal before May 1. For good cause, the Chief Appraiser may extend the deadline by written order for a single period not to exceed 60 days. Coleman CAD compiles a list of properties that had the special-use agricultural appraisal in the previous year but changed ownership during the year. This list is used to mail an application form to the new owners requesting that they complete the application to continue to receive the special-use appraisal. If the application form is not returned by April 1, the property owners receive a written reminder to return the application before May 1. If the application form is not returned by date Appraisal Notices are sent the property owners are noticed at market value. If a

property owner files an application after the deadline for filing but prior to the date the Appraisal Review Board approves the records (usually July 20), the application will be accepted. If it is approved, the property owner is liable for a penalty of 10 percent of the difference between the amount of the tax imposed on the property under the special appraisal and the amount of tax that would have been imposed if the property were taxed at market value. If a property owner files an application after the date the ARB approves the records, the land is ineligible for special appraisal that year. If the Chief Appraiser denies an application, they shall deliver a written notice by certified mail of the denial to the claimant within five days of the denial. The notice must include a brief explanation of the procedures for protesting the denial.

Once property has been designated for agricultural productivity special appraisal, the property shall continue to be eligible for agricultural productivity special appraisal without a new application being filed unless the ownership of the land changes, the application is outdated, change in land use, or the properties eligibility ends. If the Chief Appraiser has good cause to believe that the land is ineligible, a new application will be mailed to the property owner to confirm the land's eligibility

An application for 1-d agricultural use designation is confidential and **NOT** open to public inspection.

### **Valuation Approach**

The Cost Approach and the Market Approach are not utilized in estimating agricultural values for farm and ranch properties since they are to be estimated based upon their production/income capabilities. Agricultural values are estimated using the Income Approach and are based upon historical cash lease income and expense data. Agricultural Use Questionnaires are mailed out every year requesting income and expense information for farm and ranch properties in Coleman County. Each property that is being used in this manner has stored land segments which reflect the acreage and the land type.

### **Wildlife**

Section 23 of the Texas Property Tax Code also allows for this special-use value if the land is used to manage wildlife. It is a qualifying agricultural use, if such land was previously qualified open-space land and is actively used for wildlife management. Wildlife management means actively using land (that at the time the wildlife management use began was appraised as qualified open-space land) in at least 3 of the following ways to propagate a sustaining breeding, migrating, or wintering population of indigenous wild animals for human use, including food, medicine, or recreation:

1. Habitat control
2. Erosion control
3. Predator control

4. Providing supplemental supplies of water
5. Providing supplemental supplies of food
6. Providing shelter
7. Making of census counts to determine population

The property owner must submit a written Wildlife Management Plan that lists the specific ways the property will be managed to meet the overall objective. A sample Wildlife Management Plan is available on the Texas Parks and Wildlife website can be viewed at:

[http://www.tpwd.state.tx.us/publications/pwdforms/media/pwd\\_885\\_w7000\\_open\\_space\\_agric\\_valuation\\_wildlife\\_mgmt\\_plan.pdf](http://www.tpwd.state.tx.us/publications/pwdforms/media/pwd_885_w7000_open_space_agric_valuation_wildlife_mgmt_plan.pdf)

Guidelines for qualification of agricultural land in Wildlife Management Use as published by the Texas State Comptroller's Office may be viewed at:

<https://comptroller.texas.gov/taxes/property-tax/docs/96-354.pdf>

Agricultural land must be used at a level of intensity that is common in the local area and must have been devoted to agricultural use for at least five of the past seven years. Land inside the city limits is not eligible unless it has been devoted to agricultural use continuously for the preceding 5 years. PTC 23.56

### **Appraisal Resources**

**Data** - Lease information gathered from county owners is grouped and placed in a spreadsheet annually for analysis. Statistical measures are utilized annually for analyzing the measures most reflective of net income to the land from production, and net income to the land from hunting to assist in selecting the unit prices per acre for agricultural production schedule building for all agricultural land classes. The cash lease and potential income from hunting filters into a unit price per acre estimate of net to land for each land classification and expenses for each land are deducted from this income. The value of land is determined by capitalizing the average net income the land would have yielded under prudent management from production of agricultural products during the five years preceding the current year for each of the land classifications.

The capitalization rate to be used in determining the appraised value of qualified open-space land is 10 percent or the interest rate specified by the Farm Credit Bank of Texas or its successor on December 31 of the preceding year plus 2-1/2 percentage points, whichever percentage is greater.

Results of annual analysis are compiled for a five-year history. These results are utilized for building agricultural land schedules.

## **Appraisal Performance Testing**

The PTAD of the State Comptroller's Office during the Property Value Study reviews all values and procedures used in the calculation of the agricultural values and staff routinely evaluate procedures. Additionally, the Coleman County Agricultural Advisory Board discusses agricultural income, expenses, and the appraisal process.

## **STATISTICAL ANALYSIS**

Statistics are a way to analyze data and study characteristics of a collection of properties. In general, it is not feasible to study the entire population. Therefore, statistics are introduced into the process.

Coleman CAD's statistical analysis for real estate is based on measure of central tendency and measures of dispersion. The measure of central tendency determines the center of a distribution. The measure of central tendency utilized with the aid of computer-based programs, are the mean, median, mode, and the weighted mean.

The measure of dispersion calculated is the co-efficient of dispersion. This analysis is used to indicate the spread from the measure of central tendency. Statistical bias is measured by the price related differential (PRD). The PRD indicates how high price properties are appraised in relation to low price properties. These statistics are included in the district's ratio study and may be obtained from the appraisal office.

## **INDIVIDUAL VALUE REVIEW PROCEDURES**

In order for comparable sales data to be considered reliable it must contain a sales date, sales price, financing information, tract size, and details of the improvements. Sales data is gathered by sending sales letters to the buyer of properties that the district knows changed ownership. Commercial sales are confirmed from the direct parties involved whenever possible. Confirmation of sales from local real estate appraisers is also considered a reliable source.

Sales data is compiled and the improved properties are physically inspected and photographed. All data listed on the property record card is verified and updated as needed including building classification, building size, additions, new out buildings, condition of structures, and any type of change in data or characteristics that would affect the value of the property.

Individual sales are analyzed to meet the test of market value. Only arms-length transactions are considered. Examples of reasons why sales may be deleted or not considered are:

1. Properties are acquired through foreclosures or auction. The exception being if a foreclosure sale becomes a typical sale in that area or neighborhood then these sales are considered in the ratio studies.
2. Properties are sold between relatives.
3. The buyer or the seller is under duress and may be compelled to sell or purchase.
4. Financing may be non-typical or below or above prevailing market rates.
5. Considerable improvements or remodeling have been done since the date of the sale and the appraiser is unable to make judgments on the property's condition at the time of the transaction.
6. Sales may be unusually high or low when compared with typical sales located in the market area. Some sales may be due to relocation or through divorce proceedings.
7. The property is purchased through an estate sale.
8. The sale involves personal property that is difficult to value.
9. There are value-related data problems associated with the sale. For example: incorrect land size or square footage of the living area.
10. Property use changes occur after the sale.

Due to the population size and nature of Coleman County, it is very difficult to obtain sufficient sales data to meet USPAP standards for analysis of sales. Exception is taken to USPAP Standard Six.

## **PERFORMANCE TESTS**

Sales ratio studies are used to evaluate the district's mass appraisal performance. These studies not only provide a measure of performance, but also are an excellent means of improving mass appraisal performance. Coleman CAD uses ratio studies not only to aid in the revaluation of properties, but also to test the Comptroller's Property Tax Assistance Division's annual property value study results.

Sales ratio studies are usually performed in the spring of the year to test cost schedules. They may also be performed at any other time deemed appropriate by the chief appraiser. At this time, individual properties which have sold are reviewed for accuracy in their data. Property record cards indicating the results of the field inspections are used to further aid in the analysis and decision making.

Ratio studies are usually done on a school district basis of all residential sales in each school district and then by residential classification. The median ratio within each classification is then compared to the desired ratio to determine if schedule adjustments should be made. The coefficient of dispersion is also studied to indicate how tight the ratios are in relation to measures of central tendency ("goodness of fit" statistic). The median and coefficient of dispersion are good indicators of the types of changes, if any, that need to be made. If properties that fall outside of the common parameters (referred to as outlier) are held out or not included in the study, these properties shall be identified and explanations given for their exclusion from the ratio study.



## CERTIFICATION STATEMENT

"I, Eva Bush, Chief Appraiser for the Coleman County Appraisal District, solemnly swear that I have made or caused to be made a diligent inquiry to ascertain all property in the district subject to appraisal by me, and that I have included in the records all property that I am aware of at an appraised value which, to the best of my knowledge and belief, was determined as required by law."

*Eva Bush*

Eva Bush, RPA, RTA, CTA, CCA  
Chief Appraiser