

JEFF DAVIS APPRAISAL DISTRICT

VALUING PROPERTY

Jeff Davis Appraisal District determines the value of all taxable property within the county. Before the appraisals begin, the district compiles a list of taxable property. The listing for each property contains a description and the name and address of the owner.

The appraised home value for a homeowner who qualifies his or her homestead for exemptions in the preceding and current year may not increase more than 10% per year.

Property Tax Code, Section 23.23(a), sets a limit on the appraised value of a residence homestead, stating that its appraised value for a ta year may not exceed the lesser of (1) the market value of the property; or (2) the sum of: (A) 10% of the appraised value of the property for last year; (B) the appraised value of the property for last year; and (C) the market value of all new improvements to the property, excluding a replacement structure for one that was rendered uninhabitable or unusable by a casualty or by mold or water damage. The appraisal limitation first applies in the year after the homeowner qualifies for the homestead exemption.

HOW IS YOUR PROPERTY VALUED?

The appraisal district must repeat its appraisal process for property at least once every three years.

To save time and money, the appraisal district uses mass appraisal to appraise large numbers of properties. In a mass appraisal, the district first collects detailed descriptions of each taxable property in the district. It then classifies properties according to a variety of factors, such as size, use, and construction type. Using data from recent property sales, the district appraises the value of typical properties in each class. Taking into account differences such as age or location, the district uses “typical” property values to appraise all the properties in each class.

The appraisal district may use three common methods to value property: the **COST APPROACH**, the **MARKET APPROACH**, and the **INCOME APPROACH**.

The **MARKET APPROACH** is the most often used and simply asks, “What are properties similar to this property selling for?” The value of your home is an estimate of the price your home would sell for on January 1. The appraisal district, after extensive market sales research and verification, develops a schedule for each class of home and applies that schedule to your property. The sales data compares your home to similar homes that have sold recently and determines your home’s value.

The **COST APPROACH** asks, “How much would it cost to replace the property with one of equal utility?” The cost approach utilizes a base cost new per square foot, then depreciation is applied. This is referred to as RCNLD or “replacement cost new less depreciation”.

The **INCOME APPROACH** is used to appraise types of properties that don't often sell. The income approach asks, "What would an investor pay in anticipation of future income from the property?" The income approach is a conversion of future income into present value.

AGRICULTURAL AND TIMBERLAND APPRAISAL (SPECIAL USE APPRAISAL)

Lands owners may apply for two types of special appraisals – appraisal based on productivity value and appraisal based on restrictions to use of land as public access property or recreation, park, or scenic land.

Productivity value is based on land's ability to produce agricultural or timber products and is usually lower than market value. Additional information is available in the Manual for the Appraisal of Agricultural Lands and the Manual for the Appraisal of Timberland.

Land that is used to manage wildlife may also qualify for special use appraisal. The required management plan and other useful information are available from the Texas Parks and Wildlife Department.

Requirements for lands restricted to public airport or recreational, park, and scenic lands vary. Additional information is available upon request.

WHAT LAND QUALIFIES FOR AGRICULTURAL APPRAISAL?

Property owners may qualify for agricultural appraisal if land meets the following criteria:

- The land must be devoted principally to agricultural use. Agricultural use includes producing crops, livestock, poultry, fish, or cover crops. It also can include leaving the land idle for a government program or for normal crop or livestock rotation. Land used for raising certain exotic animals (including exotic birds) to produce human food or other items of commercial value qualifies.
- Using land for wildlife management is an agricultural use, if such land was previously qualified open-space land and is actively used for wildlife management. Wildlife management land must be used in at least 3 of specific ways to propagate a breeding population of wild animals for human use.
- Agricultural land must be devoted to production at a level of intensity that is common in the local area.
- The land must have been devoted to agricultural or timber production for at least 5 of the past 7 years. However, land within the city limits must have been devoted continuously for the preceding 5 years, unless the land did not receive substantially equal city services as other properties in the city.

WHAT HAPPENS IF LAND RECEIVING AN AGRICULTURAL APPRAISAL CHANGES TO A NON-AGRICULTURAL USE?

If land receiving an agricultural appraisal changes to a non-agricultural use, the property owner who changes the use will owe a rollback tax. The rollback tax is due for each of the previous 5 years in which the land got the lower appraisal. The rollback tax is the difference between the taxes paid on the land's agricultural value and the taxes paid if the land had been taxed on its higher market value. Plus, the owner pays 7% interest for each year from the date that the taxes would have been due. For example, the 5th year of a rollback tax bill may include as much as 35% interest, depending on the date the use changed.

WHAT IF YOUR PROPERTY VALUE RISES?

A *Notice of Appraised Value* tells you if the appraisal district intends to increase the value of your property. Chief Appraisers may send either of two kinds of notices of appraised value.

One is a detailed notice that contains a description of your property, its value, the exemptions, and an estimate of taxes that might be owed. This notice is sent:

- If the value of your property is higher than it was in the previous year (the appraisal district's board can decide that it will send detailed notices only if a property's value increases by more than \$1,000);
- If the value of your property is higher than the value you gave on a rendition; or
- If your property wasn't on the appraisal district's records in the previous year.

If these conditions do not apply, the chief appraiser will send you a short notice, without the tax estimate, when your property is reappraised or changes hands, or upon request by you or your agent.

The chief appraiser must send the notice of appraised value by May 1, or by April 1 for residences, or as soon thereafter as possible. If you disagree with this value, you have until May 31 or 30 days from the date the notice was mailed, whichever is later, to file a protest with the Appraisal Review Board.

The notice of appraised value explains how and when you can file a protest with the ARB if you disagree with the district's actions, and will include a protest form.

WHAT IS A RENDITION?

A rendition is a form you may use to report the taxable property you own on January 1 to your appraisal district. You may render both real and personal property. The rendition identifies, describes, and gives the location of your taxable property.

Business owners **MUST** report a rendition of their personal property. Other property owners may submit a rendition if they so choose.

Persons filing renditions who are not the property owner, owner's employee, or owner's affiliated entity must have the rendition notarized.

If the total taxable value of your personal property is less than \$500 in any one taxing unit, the property is exempt in that taxing unit.

IT IS TO YOUR ADVANTAGE TO FILE A RENDITION. IF YOU DO SO, YOU ARE IN A BETTER POSITION TO EXERCISE YOUR RIGHTS AS A TAXPAYER:

- Your correct mailing address is established on record so taxing units will send your tax bills to the right address.
- Your opinion of your property's value is on record with the appraisal district. The chief appraiser must send you a notice of appraised value if a higher value is placed on your property than the value you listed on your rendition.

FILE YOUR RENDITION WITH THE APPRAISAL DISTRICT AFTER JAN. 1 AND NO LATER THAN APRIL 15. You may apply, in writing, for a mandatory extension to May 15. The chief appraiser may extend the deadline another 15 days beyond May 15 if you can show good cause for needing an extension.

If you own tangible personal property that is used to produce income, you **MUST** report this property on a rendition form every year. Business owners, for instance, must report their inventories, furniture, fixtures, equipment, and machinery on a rendition. State law contains stiff penalties for delinquent or fraudulent renditions. Check with the appraisal district for rendition forms and more information about rendering business personal property.

ADDITIONAL INFORMATION IS AVAILABLE AT THE APPRAISAL DISTRICT OFFICE

The appraisal district staff is willing to answer any questions you may have concerning your notice of appraised Value, available exemptions, renditions, property values, and a myriad of other topics.

You may reach the Jeff Davis Appraisal District at 432-426-3210 or by coming to the appraisal office located at 100 Court Avenue Fort Davis, Texas.

You may also contact the Comptroller of Public Accounts, Property Tax Division. The email address is ptad.cpa@cpa.state.tx.us. The toll-free number is 1-800-252-9121.

