

HOW PROPERTY IS APPRAISED

01.07.00 General Appraisal Information

Appraisal District Boundaries

The Appraisal District's boundaries are the same as the County's boundaries; however, the county boundary does not preclude the board of directors of two or more adjoining appraisal districts from providing for the operation of consolidated appraisal district by inter-local contract.

TPTC § 6.02(a) (b)

Taxable Property

The appraisal district has jurisdiction to appraise all real and tangible personal property that has attained situs within its boundaries unless specifically exempted by the Property Tax Code.

TPTC § 11.01(a)

Appraisal Date

All taxable property is appraised at its market value as of January 1, with the exception of inventory, which if elected by the taxpayer, may be appraised at its market value as of September 1. To receive the September 1 appraisal date, the owner of the inventory must sign and file an application for September 1 inventory appraisal by July 31.

TPTC § 23.01(a)

TPTC § 23.12(f)

01.08.00 Appraisal Methods

Summary

All taxable property is appraised at its “market value” as of January 1st, except as otherwise provided by the Property Tax Code. 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 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.

Market Value Defined

All taxable property is appraised at its “market value” as of January 1st, except as otherwise provided by the Property Tax Code. Under 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 buyer 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 buyer seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

TPTC § 1.04(7)

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (§. 23.23), productivity (§. 23.41), real property inventory (§. 23.12), dealer inventory (§§. 23.121, 23.124, 23.1241 and 23.127), nominal (§. 23.18) or restricted use properties (§. 23.83) and allocation of interstate property (§. 23.03).

Consideration of Alternate Appraisal Methods

In determining the market value of property, the chief appraiser shall consider the cost, income, and market data comparison methods of appraisal and use the most appropriate method.

TPTC § 23.0101

Cost Method of Appraisal

If the chief appraiser uses the cost method of appraisal to determine the market value of real property, the chief appraiser shall:

- (1) use cost data obtained from generally accepted sources;

- (2) make any appropriate adjustment for physical, functional, or economic obsolescence;
- (3) make available to the public on request cost data developed and used by the chief appraiser as applied to all properties within a property category and may charge a reasonable fee to the public for the data;
- (4) clearly state the reason for any variation between generally accepted cost data and locally produced cost data if the data vary by more than 10 percent; and
- (5) make available to the property owner on request all applicable market data that demonstrate the difference between the replacement cost of the improvements to the property and the depreciated value of the improvements.

TPTC § 23.011

Income Method of Appraisal

- (a) If the income method of appraisal is the most appropriate method to use to determine the market value of real property, the district shall:
 - (1) analyze comparable rental data available to the chief appraiser or the potential earnings capacity of the property, or both, to estimate the gross income potential of the property;
 - (2) analyze comparable operating expense data available to the chief appraiser to estimate the operating expenses of the property;
 - (3) analyze comparable data available to the chief appraiser to estimate rates of capitalization or rates of discount; and
 - (4) base projections of future rent or income potential and expenses on reasonably clear and appropriate evidence.
- (b) In developing income and expense statements and cash-flow projections, the chief appraiser shall consider:
 - (1) historical information and trends;
 - (2) current supply and demand factors affecting those trends; and
 - (3) anticipated events such as competition from other similar properties under construction.

TPTC § 23.012

Market Data Comparison Method of Appraisal

If the chief appraiser uses the market data comparison method of appraisal to determine the market value of real property, the chief appraiser shall use comparable sales data and shall adjust the comparable sales to the subject property.

TPTC § 23.013

