THE CENTRAL APPRAISAL DISTRICT

OF

TAYLOR COUNTY

2025

MASS APPRAISAL REPORT

MISSION STATEMENT

The Central Appraisal District of Taylor County (hereinafter "the District") mission statement is to "provide professional, accurate, effective, ethical, and courteous administration of the property tax system in Taylor County."

APPRAISAL DISTRICT DUTIES

In 1980, an appraisal district was established in each Texas County. The District 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 Taylor County. An appraisal district is a political subdivision of the State of Texas. Currently, the Property Tax Assistance Division (hereinafter, "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 appraisals at market value and administering exemptions for each taxing unit that imposes ad valorem taxes on property in Taylor County.

TAYLOR COUNTY
GENERAL INFORMATION

Taylor County is a county in west-central Texas with a population of 145,163. Its county seat is Abilene, Texas, the largest city in the county with a population of 130,033, and it is located approximately 151 miles west of Fort Worth. It covers 919 square miles, of which 916 square miles are land area and 3.8 square miles of water area. Taylor County is traversed from east to west by the Callahan Divide, steep hills separating the Brazos River and the Colorado River watersheds. Lake Abilene, Kirby Lake, Lytle Lake, and Fort Phantom Hill Reservoir provide water

and recreation. The county is semi-arid, with an average annual rainfall of 26.20 inches. Temperatures range from an average low of 31.8 degrees in January to an average high of 94.8 degrees in July. Natural resources include oil, gas, stone, clay, sand, and gravel. Transportation needs are met by U.S. Highway 83/84 and 277, Interstate 20, and State Highway 36. Abilene Municipal Airport services the air travel needs of local citizens and visitors to the area.

Taylor County Leading Employers:

- Dyess Air Force Base
- Hendrick Health System
- Abilene Independent School District
- Abilene Christian University
- City of Abilene
- Abilene State Supported Living Center
- Texas Department of Criminal Justice
- Blue Cross Blue Shield of Texas
- Some other significant employers include Taylor County and First Financial Bank.

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, telephone surveys, 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 though 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 land utilization 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 stated in this report, the District is unaware of hazardous substances or other environmental conditions. The value estimates are predicated on the assumption that there is no such condition on or in the property or in such proximity to it that it would cause a loss in value. No responsibility is assumed for such conditions, expertise, or engineering knowledge required to discover them.

Texas is a non-disclosure state where buyers and sellers are not required to report sales transactions to the ad valorem property appraiser. The District uses great diligence to acquire sales data but is limited in its ability to gather sales data by the current legislative scheme.

EFFECTIVE DATE OF APPRAISAL

Except for specific inventories, for which the property owner has elected a valuation date of September 1, all appraisals will have an evaluation date of January 1.

DETERMINATION OF HIGHEST AND BEST USE FOR REAL PROPERTY

The district's market value appraisals are performed pursuant to Article VII, 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 (hereinafter "the Tax Code") outlines the criteria necessary to support Section 23.01 and implements the provision as follows:

Sec. 23.01. Appraisals Generally

a) Except as this chapter provides, all taxable property is appraised at its market value as of January 1.
b) The property's market value shall be determined by applying 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 on the individual characteristics that affect the property's market value. All available evidence specific to the property's value shall be considered when 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 of the different 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 purchase 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 based on the property's value as a homestead, regardless of whether the owner's residential use is the property's highest and best use.
e) Notwithstanding any provision of this subchapter to the contrary, if the appraised value of a property in a tax year is lowered under Subtitle F, the property's appraised value 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 the reliable and probative evidence in the record is considered. 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 the property has been corrected concerning 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 property's appraised value 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 that 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. This highest and best-use definition applies to appraisals conducted under the Tax Code except for residence homesteads.

PROPERTIES APPRAISED

The mass appraisal report is based on all taxable real and personal property known to the district as of the date of this report, except for specific properties still under protest, whose 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 Sec. 25.07, the Tax Code. The description and identification of each property appraised are included in the appraisal records submitted to the Taylor 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, 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 or its website, except where protected by statute by confidentiality regulations.

WEBSITE HOMEPAGE

http://www.taylor-cad.org/

ORGANIZATION

http://www.taylor-cad.org/index.php/Organization

TAX CALENDAR IMPORTANT DATES AND TAX CODE DEADLINES

http://www.window.state.tx.us/taxinfo/proptax/taxcalendar/

Taxing entities within Taylor County and other current and historical tax information may be viewed on the website at:

Taxpayer Information - Taylor CAD (taylor-cad.org)

GENERAL INTRODUCTION

Scope of Responsibility

The Taylor County Central Appraisal District has prepared and published this report to provide our Board of Directors, citizens, and taxpayers with a better understanding of the district's responsibilities and activities. This plan has several parts: a general introduction and several sections describing the appraisal effort by the appraisal district.

The Taylor County Central Appraisal District (CAD) is a political subdivision of Texas created on January 1, 1980. The Texas Tax Code's provisions govern the appraisal district's legal, statutory, and administrative requirements. A Board of Directors, appointed by the taxing units within the boundaries of the Taylor County Appraisal District, constitutes the district's governing body. The chief appraiser, appointed by the Board of Directors, is the appraisal district's chief administrator and chief executive officer.
The appraisal district is responsible for local property tax appraisal and exemption administration for 19 jurisdictions or taxing units in the county. Each taxing unit sets its tax rate to generate revenue for police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Property appraisals by the appraisal district allocate the yearly tax of each taxable property based on market value. The District also determines eligibility for various property tax exemptions for homeowners, the elderly, disabled veterans, and charitable or religious organizations.

Except as otherwise provided by the Tax Code, all taxable property in Taylor County is appraised at "market value" as of January 1. 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 can take advantage of the exigencies of the other.

The Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41), real property inventory (Sec. 23.12), 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 1st 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 1st.

The Texas Tax Code, under Sec. 25.18 requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. The district's current policy is to conduct a general reappraisal of all real and personal property annually.

The appraised value of the real estate is calculated using specific information about each property. Using computer-assisted appraisal programs and recognized appraisal methods and techniques, we compare that information with the data for similar properties and recent market data. The district follows the International Association of Assessing Officers (IAAO) standards regarding its appraisal practices and procedures and subscribes to the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable. In cases where the appraisal district contracts for professional valuation services, each appraisal firm's contract requires adherence to similar professional standards.

Personnel Resources

The office of the Chief Appraiser is primarily responsible for the overall planning, organizing, staffing, coordinating, and controlling of district operations. The administration department's function is to plan, organize, direct, and manage 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 discovering, listing, and valuating all real and personal property accounts. The property types appraised include commercial, residential, 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. Support functions include records maintenance, information and assistance to property owners, and conducting ARB hearings coordinated by personnel in support services.

The District staff consists of 34 team members with the following classifications:

- 5 - Official/Administrator (executive level administration)
- 9 - Professional (supervisory and management)
- 9 - Technicians (appraisers, statistical modelers, and network support)
- 11 - Administrative Support (professional, customer service, clerical and other)

Data

The district is responsible for the discovery and value estimate of approximately 83,638 real and personal property accounts covering 919 square miles within Taylor County. Data collected includes property characteristics, ownership, and exemption information. Property characteristic data on new construction is updated, and existing property data is maintained through an annual field review. Sales are routinely validated during a separate field review. General trends in employment, interest rates, new construction trends, cost, and market data are acquired through various sources, including internally generated questionnaires to buyers and sellers, university research centers, market data centers, and vendors such as Marshall Valuation Service. Valuable current and historical information

such as Area Market Data, Demographics and Population, Workforce Statistics, and Area Housing Activity and Affordability are just some of the market data information that is readily accessible and referred to frequently on the Texas A&M Real Estate Center's

Historical and current national and local mortgage rates are monitored on sites like Bankrate.com for potential influences/impacts on market values.

The district's geographic information system (GIS) maintains cadastral maps, various data layers, and aerial photography. The district's website makes a broad range of information available for public access, including information on the appraisal process, property characteristics data, certified values, protests, and appeal procedures. Downloadable files of related tax information and district forms, including exemption applications and business personal property renditions, are also available. The district's website also links to the City of Abilene's Map-Server.

Information Systems

The Systems Administrator and the computer mapping department manage and maintain the district's data processing facility, software applications, Internet website, and geographical information system. The district operates from a sequel server database with cooperative data sharing with the City of Abilene, County 911, and other county agencies. The central server hardware/system software is Dell Power Edge T610 Rack Chassis PACS Server, which also operates as a server for the GIS Mapping, Power Edge R310 Rack Chassis job server, Power Edge R310 Rack Chassis job server, and Power Edge R310 Rack Chassis web server. The user base is networked through the mainframe using Windows 2008 Server. True Automation provides software services for appraisal and collections applications.

Appraisal District Boundaries

The appraisal district's boundaries align with Taylor County's boundaries.

Independent Performance Test

According to Chapter 5 of the Texas Tax Code and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Division (PTD) conducts a property value study (PVS) of each Texas school district and each appraisal district every other year. As part of this study, the code requires the Comptroller to use sales and recognized auditing and sampling techniques; review each appraisal district's appraisal methods, standards, and procedures to determine whether the district used recognized standards and practices (MSP review); tests the validity of school district taxable values in each appraisal district and presumes the appraisal roll values are correct when values are valid; and, determines the level and uniformity of property tax appraisal in each appraisal district. The methodology used in the property value study includes stratified samples to improve sample representativeness and procedures for measuring uniformity. This study utilizes statistical analyses of sold properties (sale ratio studies) and appraisals of unsold properties (appraisal ratio studies) as a basis for assessment ratio reporting. For appraisal districts, the reported measures include a median level of appraisal, coefficient of dispersion (COD), the percentage of properties within 10% of the median, the percentage of properties within 25% of the median, and price-related differential (PRD) for properties overall and by state category.

Nine independent school districts have a property in Taylor CAD for the annual development of appraisal rolls. The preliminary results of this study are released on February 1, the year following the year of appraisement. The results of this study are certified by the Education Commissioner of the Texas Education Agency (TEA) in the following July of each year. This outside (third party) ratio study assists the CAD in determining areas of market activity or changing market conditions. The final results of the 2019 Taylor County Value Study can be viewed at: https://comptroller.texas.gov/taxes/property-tax/pvs/2021f/221index.php

METHODS AND ASSISTANCE

PROGRAM REPORT

Beginning in 2010, in addition to the Property Value Study as discussed in the previous section of this report, the Texas Comptroller of Public Accounts will conduct a biannual review of the governance of each appraisal district, taxpayer assistance provided, and the operating and appraisal standards, procedures, and methodology used by the District.

The Property Tax Division conducted the last such final review in 2020. The PTAD concluded that the district's methods, standards, and procedures exceeded requirements in all categories tested. The complete Methods and Assistance Program Report can be found at 2022 MAP Review Results (texas.gov)

The Final results are on the following page, and the District passed all requirements. The final report was made available in December 2022. The PTAD will conduct another MAPS review in 2025.

2022-23 Final Methods and Assistance Program Review

TAYLOR COUNTY CENTRAL APPRAISAL DISTRICT

This review is conducted per Tax Code Section 5.102(a) and related Comptroller Rule 9.301. The Comptroller is required by statute to review appraisal district governance, taxpayer assistance, operating procedures, and appraisal standards.

Mandatory Requirements	PASS/FAIL
Does the appraisal district board of directors, through the chief appraiser, ensure administrative functions are followed in accordance with Chapter 6 of the Texas Property Tax Code?	**PASS**
Does the appraisal district have up-to-date appraisal maps?	**PASS**
Is the implementation of the appraisal district's most recent reappraisal plan current?	**PASS**

Are the appraisal district's appraisal records up-to-date, and is the appraisal district following established procedures and practices in the valuation of property?	**PASS**
Are values reproducible using the appraisal district's written procedures and appraisal records?	**PASS**
Appraisal District Activities	**RATING**
Governance	**Meets All**
Taxpayer Assistance	**Meets All**
Operating Procedures	**Meets All**
Appraisal Standards, Procedures, and Methodology	**Meets All**

Appraisal District Ratings:

Meets All – The total point score is 100
Meets – The total point score ranges from 90 to less than 100
Needs Some Improvement – The total point score ranges from 85 to less than 90 Needs Significant Improvement – The total point score ranges from 75 to less than 85 Unsatisfactory – The total point score is less than 75

Review Areas	Total Questions in Review Area (excluding N/A Questions)	Total "Yes" Points	Total Score (Total "Yes" Questions/Total Questions) x 100
Governance	**16**	**16**	**100**
Taxpayer Assistance	**18**	**18**	**100**
Operating Procedures	**25**	**25**	**100**
Appraisal Standards, Procedures & Methodology	**28**	**28**	**100**

APPRAISAL ACTIVITIES

INTRODUCTION

Appraisal Responsibilities

The field appraisal staff collects and maintains property characteristic data for classification, valuation, and other purposes. Any accurate real and personal property valuation 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 Taylor County and the jurisdictions of this appraisal district. The data collection effort involves the field inspection of real and personal property accounts and data entry of all data collected into the existing information system. The goal is to inspect district residential, commercial, and personal properties annually. The appraisal opinion of value for all properties in the District is reviewed and evaluated yearly.

Appraisal Resources

Personnel - Appraisal activities are conducted with 11 appraisers.
Data - The data gathered by field devices or iPads that are used by field appraisers include the current property characteristic information in Computer Assisted Mass Appraisal System (CAMA) from the district's computer system. The data is printed on a property record card or personal property datasheet. Other data include maps, sales data, fire and damage reports, building permits, photos, and actual cost and market information. Sources of information are gathered using excellent reciprocal relationships with other participants in the real estate marketplace. The district cultivates sources and collects data from both buyers and sellers.

Data Collection/Validation

Data collection of real property involves maintaining data characteristics of the property on CAMA (Computer Assisted Mass Appraisal) software. The information contained in CAMA includes site characteristics, such as land size and

topography, and improvement data, such as square footage of the living area and other areas of the improvement, year built quality of construction, and condition. Field appraisers must use a property classification system that establishes uniform procedures for correctly listing the 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 guidance for the field inspection of properties. Data collection for personal property involves maintaining information on software designed to record and appraise business personal property. The information in the BPP file includes personal property, such as business inventory, furniture, fixtures, machinery, and equipment, with details such as cost and location. The field appraisers conducting on-site inspections use a personal property classification system during their initial training and guide to correctly list all taxable personal property.
The listing procedure utilized by the field appraisers is available in the district offices. Appraisers periodically update the classification system with input from the valuation group.

Sources of Data

The sources of data collection are property inspection, new construction field effort, data review/relist field effort, data mailer questionnaires, hearings, sales validation field effort, commercial sales verification, field effort, newspapers and publications, and property owner correspondence by mail or via the Internet. A principal data source is building permits from taxing jurisdictions requiring property owners to take out a building permit. Where available, permits are obtained electronically and loaded into the Building Permit System (BPS). Otherwise, paper permits are received and matched manually with the property's tax account number for data entry.

The Multiple Listing Service of the Abilene Board of Realtors is a reliable data source for property description and market sales. Area and regional real estate brokers and managers are also market and property information sources. Data surveys of property owners requesting market information and property description information are also valuable. Soil surveys and agricultural surveys of farming and ranching property owners and industry professionals are helpful for productivity

value calibration. The Texas Railroad Commission is the source of mineral production data and leasing information. Ibbotson's SBBI Valuation Edition, Wall Street Journal, Value Line Investment Survey, and the Oil and Gas Journal are available capital market information. Crude and gas pricing is taken from Plains Marketing and Sunoco Logistics, regional product gathering and marketing companies and the primary buyers for oil and gas produced in the area.
Improvement cost information is gathered from local building contractors and Marshall and Swift Valuation Service. Various income and rental surveys are performed by interviewing property managers and operators to determine operating income and expenses for investment and income-producing real property.
Data review of entire neighborhoods is generally a good source for data collection. Appraisers walk entire neighborhoods to review the accuracy of our data and identify properties for change in characteristics. The sales validation effort in real property pertains to collecting market data for sold properties. In residential, the sales validation effort involves on-site inspection by field appraisers to verify the accuracy of the property characteristics and confirmation of the sales price. In the commercial, the commercial sales group is responsible for contacting sales participants to confirm sales prices and verify pertinent data.
Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently, the property owner provides reliable data to correct records without having to send an appraiser on-site. As the district has increased the amount of information available on the Internet, property owners can review information on their property and forward corrections via e-mail. For property owners without access to the Internet, letters are sometimes submitted notifying the district of inaccurate data. Properties identified in this manner are added to a work file and inspected 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 rely on data accuracy as its foundation.

Data Collection Procedures

The appraisers are assigned specific areas throughout the district to conduct field inspections. These geographic areas of the assignment are maintained for several years to enable the appraiser assigned to that area 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 a pen-pad device/iPad that holds all data dealing with the property and allows for the entry of corrections and additions that the appraiser may find in their field inspection.

The quality of the data used is critical in estimating the market values of taxable property. While work performance standards are established and upheld for the various field activities, the quality of data is emphasized as the goal and responsibility of each appraiser. New appraisers are trained in data collection and the classification system set forth and recognized as "rules" to follow. Experienced appraisers are routinely re-trained in listing procedures before major field projects such as new construction, sales validation, or data review. A quality assurance process exists through a supervisory review of the work being performed by the field appraisers. Quality assurance supervisors ensure that appraisers follow listing procedures, identify training issues, and provide consistent training throughout the field appraisal staff.

Data Maintenance

The appraiser begins an area update by downloading complete files of the area where they plan to work. Once the files are downloaded, updates to the appraisal file are unavailable to office personnel, ensuring reappraisal processes do not overlap. The field appraiser is responsible for the data entry of their fieldwork into the computer file as the area is surveyed. This responsibility includes not only data entry but also quality assurance. Most data collected in the field are inputted using pen-pad devices/iPads and entered by the appraiser. The data is downloaded back to the central system when the neighborhood or area review work is completed. Data updates and file modification for property descriptions and input accuracy are conducted as the responsibility of the field appraiser and appraisal supervisors.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of the last inspection and the appraiser responsible are listed on the CAMA record and property card. If a property owner or jurisdiction disputes the district's records concerning data during a hearing, via a 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 this information for the current year's valuation or the following year's valuation. Every year, a field review of real property in certain areas or neighborhoods in the jurisdiction is done during the data review/re-list field effort. Each year, a field review is performed on all personal property accounts, with available situs.

Office Review

Office reviews are completed on properties where updated information has been received from the property owner and is considered accurate and correct. Data mailers sent in mass or at the property owner's request frequently verify some property characteristics or the property's current condition. Field inspections may not be required when the property data is verified and considered accurate and correct. The personal property department mails property rendition forms in December of each year to assist in the annual review of the property.

Performance Test

The property appraisers are responsible for conducting ratio studies and comparative analyses. Appraisal staff performs ratio studies on property located within specific neighborhoods or districts. The sale ratio and comparative analysis of sale property to appraised value form the basis for determining the level of appraisal and market influences and factors for the neighborhood. This information is the basis for updating property valuation for the entire property area. In many cases, field appraisers may conduct field inspections to ensure the accuracy of the property descriptions at the time of sale for this study. This inspection ensures that the ratios produced are accurate for the property sold and that appraised values

utilized in the study are based on precise 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 property's value as of the date of sale, not after a subsequent or substantial change was made to the property. Correctly performed ratio studies are a good reflection of the district's level of appraisal.

RESIDENTIAL

Residential Property represents approximately 56% of the total market value in Taylor County.

RESIDENTIAL VALUATION PROCESS

INTRODUCTION

Scope of Responsibility

The residential appraisers estimate equal and uniform market values for improved and vacant properties. Taylor County has approximately 46,000 improved residential single and multiple-family parcels and 8,800 vacant residential properties.

Appraisal Resources

Personnel - ***The following appraisers are responsible for estimating the market value of the residential property:***

Gary Earnest, Chief Appraiser, TDLR # 68273
Brooke Howard, Director of Appraisal, TDLR # 74506
Jason Harris, Residential Coordinator, TDLR # 75526
Aaron Cook, Residential Appraiser, TDLR # 78093
Jacob Murray, Residential Appraiser, TDLR # 78519
Russ David, Residential Appraiser, TDLR # 74766
Ryan Archer, Residential Appraiser, TDLR # 78099
Matthew Jones, Residential Appraiser, TDLR # 77759
Rey Smith, Improvement Data Collector, New Improvements

Data – A unique set of data characteristics for each residential dwelling and multiple family units in this district are collected in the field. Data is entered into the computer via iPads through an iCloud format. The property characteristic data drives the application of computer-assisted mass appraisal (CAMA) under the Cost, Market, and Income Approaches to property valuation.

VALUATION APPROACH

Land Analysis

Residential land valuation analysis is conducted before 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. Comparing and analyzing comparable land sales are conducted based on comparing land characteristics that influence the neighborhood's market price. A computerized file holding the land table stores the land information required to value individual parcels within neighborhoods given known land characteristics consistently. Depending on the neighborhood and particular lot or tract characteristics, specific land influences are considered, where necessary, to adjust parcels outside the neighborhood norm for such factors as access, view, shape, size, and topography. The appraisers use abstraction and allocation methods to ensure that estimated land values best reflect the contributory market value of the land to the overall property value.

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 are collected from private vendors and public sources and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources of continuing education, including IAAO and TDLR approved classes.

Neighborhood and Market Analysis

A neighborhood is a group of properties that share essential characteristics. A neighborhood is typically a distinct group of properties often identified by a geographic (physical) boundary or a group of properties that react similarly to market influences.

Neighborhood analysis examines how physical, economic, governmental, and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis are conducted on various market areas within each political entity known as independent school districts. Analysis of comparable market sales forms the basis for estimating market activity and the level of supply and demand affecting market prices for any given market area,

neighborhood, or district. Market sales indicate the effects of these market forces. The appraiser interprets them as an indication of market price ranges and indications of property component change considering a given period relative to the appraisal date. Cost and market approaches to estimate value are the basic techniques to interpret these sales. The income approach to value is also used for multiple-family properties to estimate an opinion of value for investment-level residential property.

The first step in neighborhood analysis is identifying properties with certain common traits. A "neighborhood" for analysis purposes is the most significant geographic grouping of properties where the property's physical, economic, governmental, and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors varying across jurisdictions. 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, dwelling age, quality of construction and condition of dwellings, square footage of the living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is considering discernible patterns of growth that influence a neighborhood's market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a transition, stability, or decline stage. The growth period is a time of development and construction. As new neighborhoods are developed, they compete with existing neighborhoods. Adding new homes induces a population shift from older homes to more contemporary homes. In the period of stability or equilibrium, the forces of supply and demand are about equal. Generally, in the equilibrium stage, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability. During the decline, general property use may change from residential to a mix of residential and commercial services. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, promoting increased demand and economic desirability.

Neighborhoods undergo annual review during field inspection and are delineated based on visual aspects of homogeneity. Within the city limits of Abilene, there are approximately 275 residential and 132 commercial neighborhoods. Rural neighborhoods comprise 45 residential, 12 commercial, and eight neighborhoods designating the rural cities.

Thirteen rural land regions are analyzed yearly to develop a base acreage price. Property characteristics, location similarities, and development potential group Rural farm and ranch sales. These sales are analyzed on a price-per-acre basis with regression analysis utilized to analyze the effects of size, or the economy of scale, within specific markets where there is typically a wide variety of sizes within a particular location. Appraisal schedules are built using regression models to calculate unit prices. Where necessary, specific land influences are used to adjust parcels outside the neighborhood norm for such factors as view, shape, size, and topography.

Neighborhood identification and delineation are the cornerstone of the residential valuation system in the district. All the residential analysis work associated with the residential valuation process is neighborhood-specific. Neighborhoods are field inspected and delineated based on visual aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted. Whereas neighborhoods involve similar properties in the exact location, a neighborhood group is defined as similar neighborhoods in similar locations. Each residential neighborhood is assigned to a neighborhood group based on visual aspects of neighborhood homogeneity. Neighborhood grouping is highly beneficial in direct sales comparison analysis of limited sales areas. Neighborhood groups, or clustered neighborhoods, increase the available market data by linking comparable properties outside a given neighborhood. The sales ratio analysis discussed below is performed on a neighborhood basis and in soft sale areas on a neighborhood group basis.

Highest and Best Use Analysis

The highest and best use of the 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, legal, financially feasible, and productive to the maximum allowed usage of the property. The residential property's highest and best use is usually its current use. This is partly because residential development, through deed restrictions and zoning, precludes other land uses in many areas. In mixed residential and commercial areas, the appraiser reviews properties periodically to determine the individual property that qualifies for an appraisal under *JURISDICTIONAL EXCEPTION*.

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 the improvement classification system using a comparative unit method. Marshall and Swift, a nationally recognized cost estimator service, estimate the district's residential cost schedules. These cost estimates are compared with sales of new improvements, evaluated yearly, and indexed to reflect the local residential building and labor market. Costs may also be indexed for neighborhood factors and influences that affect the total replacement cost of the improvements in a smaller market area based on evidence from a sample of market sales.

A review of the residential cost schedule is performed annually. 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 the district are considered. The property data characteristics of these properties are verified, and photographs of the samples are taken. CAD replacement costs are compared against Marshall & Swift, and the indicated replacement cost is abstracted from these market sales of comparably improved structures. The results of this comparison are analyzed using statistical measures, including stratification by quality and reviewing estimated building costs plus land-to-sales prices. As a result of this analysis, a new regional multiplier or economic index factor and indications of neighborhood economic factors are developed for use in the district’s cost process. This new economic index is estimated and used to adjust the district’s cost schedule to follow local building costs reflected by the local market.

Sales Information

A sales file for storing "snapshot" sales data at the time of sale is maintained for real property. Residential vacant land sales and commercial improved and vacant land sales are kept in a sales information system. Residential improved and vacant sales are collected from various sources, including district questionnaires sent to buyers and sellers, field discovery, protest hearings, fee appraisals, multiple listing services, various sale vendors, 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. The effect of time on price was considered by paired comparison and applied in the ratio study to the sales indicated within each neighborhood area. Neighborhood sales reports are generated as an analysis tool for the appraiser to develop and estimate market price ranges and property component value estimates. Abstraction and allocation of property components based on similar property sales is an important analysis tool to interpret market sales under the cost and market approaches to value. These analytical tools help determine and estimate the effects of price change, as indicated by sale prices for similar properties within the current market.

Monthly time adjustments are estimated based on comparative analysis using the comparable sold property of similar age, construction, and condition. Sales of the same property were considered and analyzed for any indication of price change attributed to a time change or influence. Property characteristics, financing, and conditions of sale were compared for each property sold in the property pairing to isolate only the time factor influencing price.

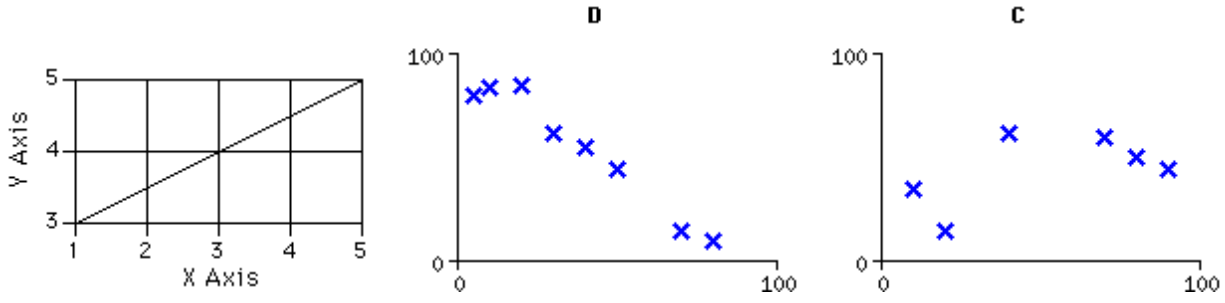
Statistical Analysis

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 each residential valuation neighborhood in the district to judge the primary aspects of mass appraisal accuracy--level and uniformity of value. Each neighborhood evaluates and analyzes appraised statistics of central tendency generated from sales ratios. The level of appraised value is determined by the weighted mean ratio for sales of individual properties within a

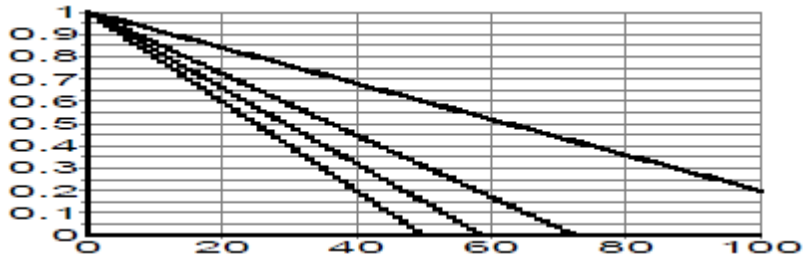
neighborhood. A comparison of neighborhood-weighted means reflects the general level of appraised value between comparable neighborhoods.
Through the sales ratio analysis process, the appraiser reviews every neighborhood annually. The first phase involves neighborhood ratio studies that compare the recent sales prices of neighborhood 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. Based on the sales ratio statistics and designated parameters for valuation update, the appraiser decides whether the value level in a neighborhood needs to be updated or whether the level of market value in a neighborhood is at an acceptable level.
The analysis of trends in neighborhood economics and the characteristics that shape the estimated market values are measured with linear regression statistics.

Appraisers relate physical individual property changes gathered during the annual inspection to annual depreciation rates. The Depreciation rates are calculated in a spreadsheet that measures the relationship between time-adjusted sale prices and replacement cost new of the actual age of each property.

After the appraiser determines the annual depreciation rates, the rates are placed in a linear regression model that calculates a best-fit line. Linear regression attempts to explain this relationship with a straight-line fit to the data that best predicts Y from X and distributes an annual depreciation driven by sales prices calculated against the different ages of houses within a neighborhood. The product of the formula (y = mx + b) delivers a slope that best fits a scatter of annual depreciation rates and ages of sold properties.



Determining the slope (m) and the intercept (b) is a prerequisite to applying a slope intercept formula. It is calculated in a spreadsheet that identifies the relationship between two variables: annual depreciation and house age.
The slope (m =y2-y1/x2-x1) of a line represents the steepness of the line. The slope is measured as the dependent variable Y (annual depreciation) change associated with one unit change on the independent variable X (age of house).
The following graph shows four lines representing different conditions (level of depreciation, fair, average, good, excellent) of houses in a neighborhood. Each slope is based on the change of 1 on the X-axis as it is associated with a change on the Y-axis. For example, X changes from 2 to 3 and Y from 3 to 4. The excellent condition homes depreciate slower than the fair condition homes, thus yielding a higher percent good, which calculates a higher price per square foot.



Lines with positive slopes go from the bottom left toward the upper right. Lines with negative slopes go from the upper left to the lower right.

When the appraiser develops and tests the regression models and approves the results, those results (annual depreciation rates) are distributed to properties with similar conditions within the neighborhood. The distribution of depreciation rates based on sales developed through a regression model ensures all properties in the same condition will depreciate or appreciate at the same level, creating equity in the neighborhood.

Market and Cost Reconciliation and Valuation

A 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 by market analyses and ratio studies. They are used to ensure 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 approach accounts for neighborhood market influences not specified in a pure cost model.

The following equation denotes the hybrid model used: MV = LV + (RCN – AD) 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 markets, or location adjustments, may be abstracted and applied uniformly within neighborhoods to account for locational variances between market areas or across a jurisdiction. In accordance with the Market Approach, the estimated market value of the property equals the basic unit of property, which, under comparison, times the market price range per unit for comparable property sales. 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 approach as a correlation of indications of property valuation. A significant unknown for these two value indications is 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 on the annualized accrued depreciation rate. Sales of similar properties most appropriately measure this cost-related factor. When improvements are abstracted from the sale price, the market approach indicates the depreciated value of the improvement component and measures changes in accrued depreciation. The improvement contribution to the property is measured by the 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 assessment of this market and cost information is the basis of reconciliation and indication of property valuation under this hybrid model.

When the appraiser reviews a neighborhood, 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 the 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, 96% to 100%, 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, appropriately adjusted for the apparent effects of time by market abstraction of property components. This abstraction of property components allows the appraiser to focus on the rate of change for the improvement contribution to the property by providing a basis for calculating accrued depreciation attributed to the improvement component. This impact on value is usually the most significant factor affecting property value and the essential unknown to determine by market analysis. Abstraction of the improvement component from the adjusted sale price for a property indicates the effect of overall market-suggested influences and factors on the price of improvements that were a part of this property recently sold. Comparing this indicated price or value allocation for the improvement with the estimated replacement cost suggests any loss in value due to accrued forms of physical, functional, or economic obsolescence. This is a market-driven measure of accrued depreciation and results in a true and relevant measure of improvement marketability, particularly when based on multiple sales that indicate the trending of this rate of change over certain classes of improvements within specific neighborhoods. Based on this market analysis, the appraiser estimates the annual depreciation rate for given improvement descriptions considering age and observed condition. Once assessed, the appraiser recalculates the improvement value of all properties within the sale sample to evaluate and review the effects on the neighborhood sale ratio. After an

acceptable level of appraisal is achieved within the sale sample, the entire property neighborhood is recalculated utilizing the indicated depreciation rates taken from market sales. This depreciation factor is the basis for trending all improvement values. When combined with other site improvements and land value, it brings the estimated property value through the cost approach closer to actual market prices, as evidenced by recent sale prices available within a given neighborhood. Therefore, based on an analysis of recent sales within a given neighborhood, estimated property values will reflect the market influences and conditions only for the specified neighborhood, thus producing more representative and supportable values. The estimated property values calculated for each updated neighborhood are based on market-indicated factors applied uniformly to all properties within a neighborhood. Finally, with all the market-trend factors applied, a final ratio study compares recent sale prices with the proposed appraised values for these sold properties. From this set of ratio studies, the appraiser judges the appraisal level and uniformity in updated and non-updated neighborhoods, verifies appraised values against overall trends exhibited by the local market, and finally, for the school district.

Treatment of Residential Homesteads

In 1998, Texas implemented a constitutional classification scheme concerning the appraisal of residential property that receives a residence homestead exemption. Under that law, starting in the year after a property receives a homestead exemption, increases in the assessed value of that property are capped or limited to not more than a 10% increase annually. The value for tax purposes (assessed value) of a qualified residence homestead will be the LESSER of:

- the market value or
- the preceding year's appraised value plus 10 percent for each year since the property was re-appraised, plus the value of any improvements added since the last re-appraisal.

Assessed values of capped properties must be recomputed annually. If a capped property sells, the cap automatically expires as of January 1st of the year following the sale of the property, and the property is appraised at its market value. An analogous provision applies to new homes. While a developer owns them,

unoccupied residences may be partially complete and appraised as part of an inventory. This valuation is estimated using the district's land value and the percentage of completion for the improvement contribution, usually like the developer's construction costs as a basis of completion on the valuation date. However, in the year following changes in completion or sale, they are appraised at market value.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The appraiser identifies individual properties needing field review through sales ratio analysis. Sold properties are field reviewed monthly and periodically to check for data characteristics' accuracy.

As the district's parcel count has increased through new home construction, and the homes constructed in the boom years of the late 70s and early 80s experience remodeling, the appraisers must perform the field activity associated with transitioning and high-demand neighborhoods. Increased sales activity has also resulted in a more substantial field effort for the appraisers to review and resolve sales outliers. Additionally, the appraiser frequently reviews subjective data items such as quality of construction, condition, and physical, functional, and economic obsolescence, contributing significantly to the property's market value. After preliminary value estimates have been determined in targeted areas, the appraiser takes valuation documents to the field to test the computer-assisted values against their appraisal judgment. During this review, the appraiser can physically inspect sold and unsold properties for comparability and value consistency.

Office Review

When the field review is completed, the appraiser conducts a routine valuation review of all properties as outlined in the ratio studies and market analysis discussion. Valuation reports comparing previous values against proposed and final values are generated for all improved residential and vacant properties. The percentage of value differences is noted for each property within a delineated neighborhood, allowing the appraiser to identify, research, and resolve value anomalies before releasing final appraised values. Previous values resulting from a

hearing protest are individually reviewed to determine if the value remains appropriate for the current year.
When the appraiser is satisfied with the level and uniformity of value for each neighborhood within his area of responsibility, the value estimates go to noticing.

PERFORMANCE TESTS

Sales Ratio Studies

The ratio study is the primary analytical tool appraisers use to measure and improve performance. The district ensures its appraised values meet the accuracy standards in several ways. Overall sales ratios are generated for each neighborhood to allow the appraiser to review general market trends within their area of responsibility and indicate market appreciation over a specified period. The PC-based ratio studies are designed to emulate the state comptroller's property value study findings for category "A" (single-family residences) property.

Management Review Process

When the proposed value estimates are finalized, the appraiser reviews the sales ratios by neighborhood and presents pertinent valuation data, such as weighted sales ratio and pricing trends, to the appraisal supervisors and the Chief Appraiser for final review and approval. This review compares the level of value between related neighborhoods within and across jurisdiction lines. The primary objective of this review is to ensure that the proposed values have met preset appraisal guidelines appropriate for the tax year in question.

COMMERCIAL

Commercial Property represents approximately 19% of the total market value in Taylor County.

COMMERCIAL AND INDUSTRIAL PROPERTY VALUATION PROCESS

INTRODUCTION

Scope of Responsibility

This mass appraisal assignment includes all the commercially described real property, which falls within the responsibility of the commercial valuation appraisers of the Taylor County Central Appraisal District and is located within the boundaries of this taxing jurisdiction. Commercial appraisers appraise the fee simple interest of properties according to statutes and court decisions. However, the effect of easements, restrictions, encumbrances, leases, contracts, or special assessments is considered individually, as is the appraisement of any nonexempt taxable fractional interests in real property (e.g., multi-family housing projects). Fractional interests or partial holdings of real property are appraised in fee simple for the whole property and divided programmatically based on their prorated interests.

Appraisal Resources

Personnel - The improved real property appraisal responsibilities are categorized according to significant property types, such as multi-family or apartment, office, retail, warehouse, and special use (e.g., hotels, hospitals, and nursing homes).

The following appraisers are responsible for estimating the market value of the commercial and industrial property:

Gary Earnest, Chief Appraiser, TDLR # 68273
Booke Howard, Director of Appraisal, TDLR # 74506
Patrick Carroll, Chief Operations Officer, TDLR # 70377
Ryan Fletcher, Commercial Property Appraiser, TDLR # 74820
Brandt Bailey, Commercial Property Appraiser Coordinator, TDLR # 76016
Marissa Atchley, Personal Property Appraiser, TDLR # 77076
Angela Stokes, Personal Property Appraiser, TDLR # 76626
Mario Mendez, Personal Property Appraiser, TDLR # 76779
Rey Smith, Improvement Data Collector, New Improvements
Russ David, Land Coordinator, TDLR # 74766

Data - The data used by the commercial appraisers includes verified sales of vacant land and improved properties and the pertinent data obtained from each (sales price levels, capitalization rates, income multipliers, equity dividend rates, marketing period, etc.). Other appraiser data include actual income and expense data (typically obtained through the hearings process), contract rental data, leasing information (commissions, tenant finish, length of terms, etc.), and construction cost data. In addition to the accurate data obtained from specific properties, market data publications are reviewed to provide additional support for market trends.

PRELIMINARY ANALYSIS

Market Study

Market studies are utilized to test new or existing procedures or valuation modifications in a limited sample of properties located in the district. They are also considered and become the basis of updates whenever substantial changes in valuation are made. These studies target certain types of improved property to evaluate current market prices for rents and commercial and industrial real property sales. These comparable sales and ratio studies reveal whether the valuation system produces accurate and reliable value estimates or requires procedural and economic modifications. The appraiser implements this methodology when developing cost, market, and income models.

Taylor CAD coordinates its discovery and valuation activities with adjoining appraisal districts. Numerous field trips, interviews, and data exchanges with adjacent appraisal districts have been conducted to ensure compliance with state statutes. In addition, Taylor CAD administration and personnel interact with other assessment officials through professional trade organizations, including the International Association of Assessing Officers, the Texas Association of Appraisal Districts, and its subchapter Texas Metropolitan Association of Appraisal Districts and the Texas Association of Assessing Officers. District staff strives to maintain appraisal skills and professionalism by continuing education in the form of courses that are offered by several professional associations such as the International Association of Assessing Officers (IAAO), Texas Association of Assessing Officers (TAAO), Texas Association of Appraisal Districts (TAAD) and Texas Department of Licensing and Regulation (TDLR) courses.

VALUATION APPROACH

Land Value

Commercial land is analyzed annually to compare appraised values with recent land sales in the market area. If appraised values differ from sales prices, adjustments are made to all land in that region. Generally, commercial property is appraised on a price-per-square-foot basis. Factors are placed on individual properties based on corner influence, site depth, site shape, easements across the site, and other factors that may influence value. The land is valued as though vacant at the highest and best use.

Area Analysis

Area 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 are collected from private vendors and public sources.

Neighborhood Analysis

The neighborhood and market areas comprise the land and commercially classed properties within this appraisal jurisdiction's boundaries. These areas comprise various property types, including multiple-family residential, commercial, and industrial. Neighborhood and area analysis examines how physical, economic, governmental, and social forces and other influences may affect property values within subgroups of property locations. The effects of these forces are also used to identify, classify, and organize comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. In the mass appraisal of commercial and industrial properties, subsets of a universe of properties are generally referred to as market areas, neighborhoods, or economic areas.

Economic areas are defined by each improved property use type (apartment, office, retail, warehouse, and special use) based on an analysis of similar economic or market forces. These include but are not limited to similarities of rental rates, classification of projects (known as building class by area commercial market experts), date of construction, overall market activity, or other pertinent influences.

Economic area identification and delineation by each primary property use type is the benchmark of the commercial valuation system. All income model valuation (income approach to value estimates) is economic area specific. Economic areas are periodically reviewed to determine if re-delineation is required. The geographic boundaries and income, occupancy and expense levels, and capitalization rates by age within each economic area for all commercial use types and their corresponding income model have been estimated for these properties.

Highest and Best Use Analysis

The highest and best use is the most reasonable and probable use that generates the highest net to land and the present value of the real estate as of the date of valuation unless the property is appraised with a *JURISDICTIONAL EXCEPTION*. Any given property's highest and best use must be physically possible, legally permissible, financially feasible, and maximally productive. For improved properties, the highest and best use is evaluated as improved and as if the site were still vacant. This perspective assists in determining if the existing improvements have a transitional use, interim use, nonconforming use, multiple uses, speculative use, excess land, or different optimum use if the site were vacant. Based on the surrounding land uses, the highest and best use is considered speculative for vacant tracts of land within this jurisdiction. Improved properties reflect various highest and best uses, including office, retail, apartment, warehouse, light industrial, special purpose, or interim uses. The property's current use is often the same as its highest and best use. This analysis ensures that an accurate estimate of market value (sometimes called value in exchange) is derived.

On the other hand, value in use represents the value of a property to a specific user for a particular purpose. This perspective for value may be significantly different than market value, which approximates market price under the following assumptions: (i) no coercion of undue influence over the buyer or seller in an attempt to force the purchase or sale, (ii) well-informed buyers and sellers acting in their own best interests, (iii) a reasonable time for the transaction to take place and (iv) payment in cash or its equivalent.

Market Analysis

A market analysis relates directly to examining market forces affecting supply and demand. This study involves the relationships between social, economic, environmental, governmental, and site conditions. Current market activity, including sales of commercial properties, new construction, new leases, lease rates, absorption rates, vacancies, allowable expenses (inclusive of replacement reserves), expense ratio trends, and capitalization rate studies, are analyzed to determine market ranges in price, operating costs, and investment return expectations.

DATA COLLECTION / VALIDATION

Data Collection Manuals

Data collection and documentation for commercial/industrial property are continually updated, providing a uniform system of itemizing the many components comprising improved properties. All properties in Taylor CAD's inventory are coded according to a specific classification system, and the approaches to value are structured and calibrated based on this coding system. Annually, after the property sales have been researched, verified, and keyed into the database and quality control has been completed, the sales data is summarized into list form and analyzed. The confirmed sales reports, known as the Commercial Improved and Vacant Land sales listings, categorize the sales by property and use type and sort the data by location and chronological order. The Taylor CAD appraisers use these sales during the hearings process.

Sources of Data

Regarding commercial sales data, Taylor CAD receives a copy of the deeds recorded in Taylor County that convey commercially classed properties. These deeds involving a change in commercial ownership are entered into the sales information system and researched to obtain pertinent information. Other sale data sources include the protest hearings process and local, regional, and national real estate and financial publications.

A sale file is produced for those properties involved in a transfer of commercial ownership, which begins the research and verification process. The initial step in

sales verification involves a computer-generated questionnaire mailed to both parties in the transaction (Grantor and Grantee). The computerized sales database system records the documented responses if a questionnaire is answered and returned. If no information is provided, verification of many transactions is attempted via phone calls to parties who know the specifics of the sale. Other sources contacted are the brokers involved in the sale, property managers, or commercial vendors. In other instances, sales verification is obtained from local appraisers or others with the desired information. Finally, closing statements are often provided during the hearings process. The actual closing statement is the most reliable and preferred method of sales verification.

VALUATION ANALYSIS (Model Calibration)

Model calibration involves periodically adjusting the mass appraisal formulas, tables, and schedules to reflect current local market conditions. Once the models have undergone the specification process, adjustments can be made to reflect new construction procedures, materials, or costs, varying yearly. The basic structure of a mass appraisal model can be valid over an extended period, with trending factors utilized for updating the data to the current market conditions. However, at some point, if the adjustment process becomes too involved, the model calibration technique can mandate new model specifications or a revised model structure.

Cost Schedules

The cost approach to value is applied to improved real property utilizing the comparative unit method. This methodology uses national cost reporting services and actual cost information on comparable local properties whenever possible. Cost models are typically developed based on the Marshall Swift Valuation Service, which indicates the estimated hard or direct costs of various improvement types. Cost models include the derivation of replacement cost new (RCN) of all improvements represented within the district. These include comparative base rates, per-unit adjustments, and lump sum adjustments for variations in the property description, design, and types of improvement construction. This approach and analysis also employ the sales comparison approach to evaluate the soft or indirect construction costs and the underlying land value. Considering market sales of newly developed improved property is an important part of

understanding the total replacement cost of improvements. What total costs may be involved in developing the property and any portion of the cost attributed to entrepreneurial profit can only be revealed by market analysis of pricing acceptance levels. In addition, market-related land valuation for the underlying land value is important in understanding and analyzing improved sales for all development costs and the abstraction of improvement costs for construction and development. Time and location modifiers are necessary to adjust cost data to reflect conditions in a specific market and cost changes over a period. Because a national cost service is used as a basis for the cost models, location modifiers and estimates of soft cost factors are necessary to adjust these base costs specifically for various types of improvements located in Taylor County. This way, local modifiers are additional cost factors applied to replacement cost estimated by the national cost service. The estimated replacement cost will reflect all construction and development costs for various improvements in Taylor CAD as of the appraisal date.

Accrued depreciation is the sum of all losses affecting the contributory value of the improvements, a function of estimated replacement cost new. The measured loss against replacement cost is taken from all forms of physical deterioration and functional and economic obsolescence. Accrued depreciation is estimated and developed based on losses typical for each property type at that specific age. Depreciation estimates have been implemented to determine what is typical of each major class of commercial property by economic life categories. Estimates of accrued depreciation have been calculated for improvements with a range of variable years of expected life based on observed conditions considering actual age. These estimates are continually tested to ensure they reflect current market conditions. The actual and effective ages of improvements are noted in CAMA. Effective age estimates are based on the utility of the improvements relative to where the improvement lies on the scale of its total economic life and its competitive position in the marketplace. Effective age estimates are considered and reflected based on five levels or rankings of observed conditions, given actual age.

Additional forms of depreciation, such as external or functional obsolescence, can be applied if observed. A depreciation calculation override can be used if the

condition or effective age of the property varies from the norm by appropriately noting the physical condition and functional utility ratings on the property data characteristics. These adjustments are typically applied to a specific condition adequacy, deficiency, property type, or location and can be developed via ratio studies or other market analyses.

Estimating accrued depreciation and deducting that from the replacement cost new of improvements indicates the estimated contributory value of the improvements. Adding the estimated land value, as if vacant, to the contributory value of the improvements indicates a property value by the cost approach. Given relevant cost estimates and market-related measures of accrued depreciation, the cost approach's indicated value becomes a very reliable valuation technique.

Income Models

The income approach to value is applied to those real properties that market participants typically view as "income producing." The income methodology is considered a leading value indicator. The first step in the income approach pertains to estimating market rent per unit basis. This is derived primarily from actual rent data furnished by property owners, local market surveys conducted by the district, and area rent study reviews. This per-unit rental rate is multiplied by the number of units estimated to be the potential gross rent.

The next item to consider in the income approach is a vacancy and collection loss allowance. The projected vacancy and collection loss allowance are established from actual data furnished by property owners and local market survey trends. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. This feature may also provide a reasonable lease-up period for multi-tenant properties. The market-derived stabilized vacancy and collection loss allowance are subtracted from the potential gross rent estimate to yield an indication of the estimated annual effective gross rent to the property.

Next, a secondary or service income is considered and, if applicable, calculated as a percentage of stabilized effective gross rent. Secondary income represents parking, escalations, reimbursements, and other miscellaneous income generated by real property operations. The secondary income estimate is derived from collected data and available market information. When applicable, the secondary

income estimate is added to the effective gross rent to arrive at an effective gross income.

Allowable expenses and expense ratio estimates are based on a local market study, assuming prudent management. An allowance for non-recoverable expenses, such as leasing costs and tenant improvements, may be included. A non-recoverable expense represents costs that the owner pays to lease rental space. Relevant expense ratios are developed for different types of commercial property based on use and market experience. For instance, retail properties are most frequently leased on a triple-net basis. The tenant is responsible for all operating expenses such as ad valorem taxes, insurance, common area, and property maintenance.

In comparison, a general office building is most often leased on a base year expense stop. This lease type stipulates that the owner is responsible for all expenses incurred during the first year of the lease. As a result, expense ratios are implemented and estimated based on observed market experience operating various commercial property types.

Another allowable expense is replacing short-lived items (roof or floor coverings, air conditioning, or major mechanical equipment or appliances) requiring lump sum costs. When these capital expenditures are analyzed for consistency and adjusted, they may be applied annually as stabilized expenses. These annualized expenses are replacement reserves when performed according to local market practices by commercial property type. For some types of property, typical management does not reflect expensing reserves and depends on local and industry practices.

Subtracting the allowable expenses (including non-recoverable expenses and replacement reserves when applicable) from the annual effective gross income yields an estimate of the property's annual net operating income.

Return Rates and income multipliers convert operating income expectations into an estimate of market value for the property under the income approach. These include income multipliers, overall capitalization rates, and discount rates. Each multiplier or return rate is considered and used in specific applications. Rates and multipliers may vary between property types and by location, quality, condition, design, age, and other factors. Therefore, applying the various rates and

multipliers must be based on a thorough market analysis for individual income property types and uses. These procedures are supported and documented based on analyzing market sales for these property types.

Capitalization analysis is used in the income approach models to indicate value. This methodology involves the direct capitalization of net operating income to demonstrate the market value for a specific property. Capitalization rates applicable for the direct capitalization method and yield rates for estimating terminal cap rates for discounted cash flow analysis are derived from the market. Sales of improved properties from which actual income and expense data are obtained provide an excellent indication of property return expectations a specific market participant requires from an investment at a specific time. In addition, overall capitalization rates can be derived and estimated from the built-up method (band-of-investment). This method relates to satisfying estimated market return requirements of a real estate investment's debt and equity positions. This information is obtained from available property sales, local lending sources, and real estate and financial publications.

Rent loss concessions are estimated for specific properties with vacancy problems. A rent loss concession accounts for the impact of lost rental income while the building is moving toward stabilized occupancy. The rent loss is calculated by multiplying the rental rate by the percent difference between the property's stabilized occupancy and actual occupancy. Build-out allowances (for first-generation or retrofit/second-generation space as appropriate) and leasing expenses are added to the rent loss estimate. The total adjusted loss from these real property operations is discounted using an acceptable risk rate. The discounted value (including rent loss due to extraordinary vacancy, build-out allowances, and leasing commissions) becomes the rent loss concession. It is deducted from the value indicative of the property at stabilized occupancy. A variation of this technique allows the property's actual occupancy to be less than stabilized occupancy for every year; a rent loss deduction may be estimated.

Sales Comparison (Market) Approach

Although all three approaches to value are based on market data, the Sales Comparison Approach is most frequently referred to as the Market Approach. This approach estimates land value and compares sales of similarly improved properties

to parcels on the appraisal roll. As previously discussed in the Data Collection/Validation section of this report, pertinent data from actual sales of properties, both vacant and improved, is pursued throughout the year to obtain relevant information that can be used in all valuation aspects. Sales of similarly improved properties can provide a basis for the depreciation schedules in the Cost Approach, rates and multipliers used in the Income Approach, and direct comparison in the Sales Comparison Approach. Improved sales are also used in ratio studies, which afford the appraiser an excellent means of judging the present level and uniformity of the appraised values.

Final Valuation Schedules

The cost and income models are calibrated and finalized based on the market data analysis, and review discussed previously in the cost, income, and sales approaches. The calibration results are keyed to the schedules and models on the mainframe CAMA system for utilization on all commercial properties in the district. Market factors reflected within the cost and income approaches are evaluated and confirmed based on market sales of commercial and industrial properties. With available sales information, the appraisers review the cost, income, and sales comparison approaches to value for each property type. The final valuation of a property is estimated based on reconciling these indications of value considering the weight of the market information available for evaluation and analysis in these approaches to value.

Statistical and Capitalization Analysis

Statistical analysis of final values is an essential component of quality control. This methodology compares the final value against the standard and concisely measures the appraisal performance. Statistical comparisons of different criteria are used, including sales of similar properties, the previous year's appraised value, audit trails, value change analysis, and sales ratio analysis.

With available sales data, appraisal statistics of central tendency and dispersion generated from sales ratios are calculated for each property type. These summary statistics, including, but not limited to, the weighted mean, provide the appraisers with an analytical tool to determine both the level and uniformity of the appraised value of a particular property type. The weighted mean can determine the

appraised values for individual properties within a specific type. A comparison of weighted means can reflect the general level of appraised value.

The appraisers annually review every commercial property type through the sales ratio analysis process. The first phase involves ratio studies that compare the recent sales prices of properties to the appraised values of the 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 appraised values. Based on the sales ratio statistics and designated parameters for valuation updates, the appraiser decides whether the value level of a particular property type needs to be updated in an upcoming reappraisal or whether the market value level is acceptable.

Potential gross rent estimates, occupancy levels, secondary income, allowable expenses (including non-recoverable and replacement reserves), net operating income and capitalization rate, and multipliers are continuously reviewed. Income model estimates, and conclusions are compared to information obtained on individual commercial and industrial income properties during the protest hearings process and data from published sources and area property managers and owners.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of the last inspection, the extent of that inspection, and the Taylor County CAD appraiser responsible are listed in the CAMA system. If a property owner disputes the District's records concerning this data in a protest hearing, CAMA may be altered based on the credibility of the evidence provided. Normally, a new field check is requested to verify this information for the current or next year's valuation. In addition, if a building permit is filed for a particular property indicating a change in characteristics, that property is added to a work file for review. Finally, even though every property cannot be inspected yearly, each appraiser typically designates certain areas of their responsibility to conduct field checks.

Commercial appraisers are somewhat limited in the time available to field review all commercial properties of a specific use type. However, a major effort is made by appraisers to field review as many properties as possible or economic areas experiencing large numbers of remodels, renovations, or retrofits, changes in occupancy levels or rental rates, new leasing activity, new construction, or wide variations in sale prices. A field review of real property accounts is accomplished while the business's personal property is reviewed and inspected. Additionally, the appraisers frequently reviews subjective data items such as building class, quality of construction (known as cost modifiers), condition, and physical, functional, and economic obsolescence factors contributing significantly to the property's market value. Field reviews are sometimes warranted when sharp changes in occupancy or rental rate levels occur between building classes or economic areas. The appraisers test computer-assisted values against their appraisal judgment with preliminary value estimates in these targeted areas. While in the field, the appraisers physically inspect sold and unsold properties for comparability and value consistency.

Office Review

Office reviews are completed on properties subject to field inspections and are performed according to the guidelines required by the existing classification system. Office reviews are typically limited by market data presented for final value analysis. These sale reviews summarize the pertinent data of each property

and compare the previous value to the proposed value conclusions of the various approaches to value. These evaluations and reviews show proposed value changes, income model attributes or overrides, economic factors (cost overrides), and special factors affecting the property valuation, such as new construction status and a three-year sales history (USPAP property history requirement for a non-residential property). The appraiser may review the methodology for appropriateness to ascertain that it was completed per USPAP or more stringent statutory and district policies. This review is performed after preliminary ratio statistics have been applied. If the ratio statistics are generally acceptable overall, the review focuses on individually locating skewed results. Based on market conditions, previous values resulting from protest hearings are individually reviewed to determine if the value remains appropriate for the current year. Each appraiser's review is limited to properties in their area of responsibility by property type (improved) or geographic location (vacant commercial land).

Once the appraiser is satisfied with the level and uniformity of value for each commercial property within their area of responsibility, the value estimates go to noticing. Each parcel is subjected to the value parameters appropriate for its use type.

PERFORMANCE TESTS

The primary tool used to measure mass appraisal performance is the ratio study. A ratio study compares appraised values to market prices. In a ratio study, market values (value in exchange) are typically represented by the range of sale prices (e.g., a sales ratio study). Independent, expert appraisals may also represent market values in a ratio study (e.g., an appraisal ratio study). If there are not enough examples of market price to provide necessary representativeness, independent appraisals can be used as indicators for market value. This can be particularly useful for limited commercial, warehouse, or industrial real property sales. In addition, appraisal ratio studies can be used for properties statutorily not appraised at market value but reflect the use-value requirement. An example is multi-family housing projects subject to subsidized rent provisions or other governmental guarantees provided by legislative statutes (affordable housing) or agricultural lands to be appraised based on productivity or use in value.

Taylor CAD has adopted the policies of the IAAO STANDARD ON RATIO STUDIES regarding its ratio study standards and practices, which can be viewed on their website:

http://www.iaao.org/media/standards/Standard_on_Ratio_Studies.pdf

Ratio studies generally have seven basic steps: (1) define the purpose, scope, and objectives; (2) design; (3) stratification; (4) collect and prepare market data; (5) matching of appraisal and market data; and (6) statistical analysis and (7) evaluation and use of results.

Sales Ratio Studies

Sales ratio studies are integral to estimating equitable and accurate market values and property assessments for these taxing jurisdictions. The primary uses of sale ratio studies include determining a need for general reappraisal, prioritizing selected groups of property types for reappraisal, identifying potential problems with appraisal procedures, assisting in market analyses, and calibrating models used to estimate appraised values during valuation or reappraisal cycles. However, these studies cannot be used to judge an individual property's appraised value's accuracy. The Taylor County Appraisal Review Board may make individual value adjustments based on unequal appraisal (ratio) protest evidence submitted on a case-by-case basis during the hearing process.

Overall sales ratios are generated by use type semi-annually (or more often in specific areas) to allow appraisers to review general market trends in their area of responsibility and the Property Study from the Property Tax Division of the Comptroller's Office. The appraisers utilize desktop applications such as an Excel program to evaluate subsets of data by economic area or a specific and unique data item. On the desktop, this is performed by building class and age basis. In many cases, field checks July be conducted to ensure the ratios produced are accurate and the appraised values utilized are based on accurate property data characteristics. These ratio studies aid the appraisers by indicating market activity by economic area or changing market conditions (appreciation or depreciation).

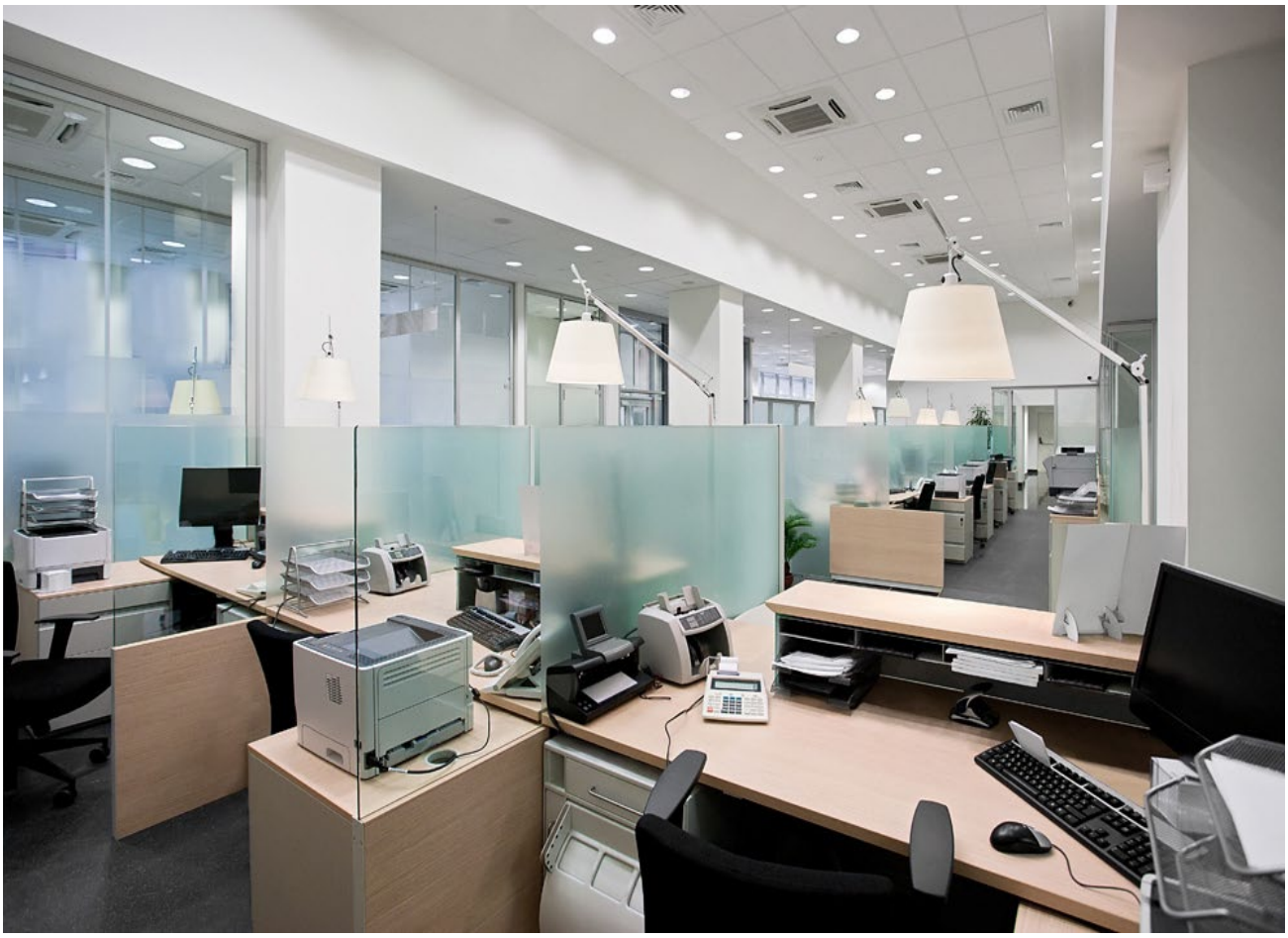
Comparative Appraisal Analysis

The commercial appraiser performs an average unit value comparison in addition to a traditional ratio study. These studies are performed on commercially classed

properties by property use type (apartment, office, retail, warehouse usage, or special use). This evaluation aims to determine the appraisal performance of sold and unsold properties. Appraiser's average unit prices of sales and average unit appraised values of the same parcels and the comparison of average value changes of sold and unsold properties. These studies are conducted on substrata such as building class and properties in various economic areas. In this way, specific property types evaluate overall appraisal performance geographically to discern whether sold parcels have been selectively appraised. When sold parcels and unsold parcels are appraised equally, the average unit values are similar. These sales and equity studies are performed before final appraisal and to annual noticing.

BUSINESS PERSONAL PROPERTY

Business Personal Property represents approximately 6% of the total market value in Taylor County.



BUSINESS PERSONAL PROPERTY VALUATION PROCESS

INTRODUCTION

Scope of Responsibility

The district's personal property section appraises four personal property types: Business Personal Property accounts, Leased Assets, Vehicles and aircraft, and Multi-Location Assets. There are approximately 6500 business personal property accounts in Taylor CAD.

Appraisal Resources

Personnel-

Marissa Atchley, Personal Property Appraiser, TDLR # 77076

Angela Stokes, Personal Property Appraiser, TDLR # 76626

Mario Mendez, Personal Property Appraiser, TDLR # 76779

Data- A standard set of data characteristics for each personal property account in Taylor CAD is collected in the field, and data is entered into the district's computer using iPads or iPads. The property characteristic data drives the computer-assisted personal property appraisal (CAPPA) system. The personal property appraisers collect the field data and maintain property files, making updates and changes gathered from field inspections, newspapers, property renditions, and interviews with property owners.

VALUATION APPROACH (Model Specification)

SIC Code Analysis

Business personal property is classified and utilizes a four-digit numeric code called Standard Industrial Classification (SIC) code that the federal government developed to describe business entities having common attributes. Taylor CAD uses these classifications to delineate personal property by business type.

SIC code identification and delineation is the cornerstone of the district's personal property valuation system. All the personal property analysis work associated with the personal property valuation process is SIC code specific. There are approximately 350 personal property SIC codes. SIC codes are delineated based on observable aspects of homogeneity and business use. SIC code delineation is periodically reviewed to determine if further SIC code delineation is warranted.

Highest and Best Use Analysis

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

DATA COLLECTION/VALIDATION

Data Collection Procedures

Personal property data collection procedures are published and distributed to all appraisers involved in the appraisal and valuation of personal property. The appraisal procedures are reviewed and revised to meet the changing requirements of field data collection.

Sources of Data

Business Personal Property

The district's property characteristic data is collected through a massive field data collection effort coordinated by the district over the past and from property owner renditions. Year-to-year reevaluation activities permit district appraisers to collect new data via an annual field inspection. This project results in discovering new businesses that have not been revealed through other sources. Various discovery publications such as the Court Reporter and state sales tax listings also discover personal property. Tax assessors, city and local newspapers, and the public often provide the district with information regarding new personal property and other valuable facts related to property valuation.

Vehicles

An outside vendor, Info Nation, Inc., provides Taylor CAD with a listing of vehicles within this jurisdiction. The vendor develops this listing from the Texas Department of Transportation (DOT) Title and Registration Division records. Other sources of data include property owner renditions and field inspections.

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.

VALUATION AND STATISTICAL ANALYSIS (model calibration)

Cost Schedules

Cost schedules are developed based on the SIC code by the Property Tax Division of the Comptroller's Office and by district personal property valuation appraisers. The cost schedules are created by analyzing cost data from property owner renditions, hearings, state schedules, and published cost guides. The cost schedules are reviewed as necessary to conform to changing market conditions. The schedules are typically in a price-per-square-foot format, but in some exceptions, SICs are in an alternate price-per-unit format, such as per room for hotels.

Statistical Analysis

Summary statistics, including, but not limited to, the median, weighted mean, and standard deviation provide the appraisers with an analytical tool to determine both the level and uniformity of appraised value by SIC code. A review of the standard deviation or coefficient of dispersion can discern appraisal uniformity within SIC codes.

Depreciation Schedule and Trending Factors:

Business Personal Property

Taylor CAD's primary approach to valuing business personal property is the cost approach. The replacement cost new (RCN) is either developed from the property owner-reported historical cost or from CAD developed valuation models. The trending factors the CAD uses to develop RCN are based on published valuation

guides. The percent good depreciation factors used by Taylor CAD are also based on published valuation guides. The index factors and percent good depreciation factors are used to develop present value factors (PVF) by year of acquisition, as follows:

PVF = INDEX FACTOR x PERCENT GOOD FACTOR

The cost approach uses the PVF as an "express" calculation. The PVF is applied to reported historical cost as follows:

MARKET VALUE ESTIMATE = PVF x HISTORICAL COST

This mass appraisal PVF schedule ensures that estimated values are uniform and consistent within the market and reflect current supply and demand economic pressures.

Computer Assisted Personal Property Appraisal (CAPPA)

The CAPPA valuation process has two main objectives: 1) Analyze and adjust estimated asset cost with existing SIC models. 2) Develop new models for business classifications not previously integrated into CAPPA. The delineated sample is reviewed for accuracy of SIC code, square footage, field data, and original cost information. Models are created and refined using actual original cost data to derive a typical replacement cost new (RCN) per square foot for a specific category of assets. The RCN per square foot is depreciated by the estimated age using the depreciation table adopted for the tax year.

The data sampling process is conducted in the following order: 1) Prioritizing Standard Industrial Classification (SIC) codes for model analysis. 2) Compiling the data and developing the reports. 3) Field checking the selected samples. The models are built and adjusted using internally developed software. The models are then tested against the previous year's data. A statistical analysis of the available data determines the typical RCN per square foot (or applicable unit).

CAPPA model values are used in the general business personal property valuation program to estimate the value of new accounts for which no property owner's rendition is filed. Model values are also used to establish tolerance parameters for testing the property valuation for which prior data years' data exist or for which

current year-rendered information is available. The calculated current year value or the preceding year's value is compared to the indicated model value by the valuation program. If the test value is within an acceptable percentage tolerance range of the model value, the account passes that range check and moves to the next valuation step. If the account fails the tolerance range check, it is flagged for individual review. Allowable tolerance ranges may be adjusted yearly depending on the analysis of the results from the prior year.

Vehicles

Value estimates for vehicles are provided by an outside vendor based on Blue Book published book values. Vehicles that the vendor does not value are valued by an appraiser using PVF schedules or published guides.

Leased and Multi-Location Assets

Leased and multi-location assets are valued using the PVF schedules mentioned above. If the asset in this category is a vehicle, then Blue Book published book values are used. Assets that the vendor does not value are valued by an appraiser using PVF schedules or published guides.

INDIVIDUAL VALUE REVIEW PROCEDURES

Office Review

A district valuation computer program in a mainframe environment identifies accounts needing review based on various conditions. All considered property owner renditions accounts with field or other data changes, accounts with prior hearings, new accounts, and SIC cost table changes. The valuation program processes the accounts and passes or fails preset tolerance parameters by comparing appraised values to the prior year and model values. The appraisers review accounts that fail the tolerance parameters.

PERFORMANCE TESTS

Ratio Studies

The Property Tax Division of the state comptroller's office conducts a property value study (PVS) every other year. 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 uses state cost and depreciation schedules to develop comparative personal property values. These values are then compared to Taylor CAD's personal property values, and ratios are indicated.

AGRICULTURAL VALUATION

Agricultural Valuation represents approximately 8% of the total market value in Taylor County.

AGRICULTURAL VALUATION PROCESS

INTRODUCTION

Definition of Agricultural Value

Net to land values is the average annual net income a class of land would likely generate over five years.

Scope of Responsibility

The mass appraisal of agricultural property includes all properties classified as 1-d-1 and 1-d agricultural uses, which are appraised on the land's ability to produce agricultural or timber production. The mass appraisal of agricultural property involves applying similar values within the same agricultural categories and classes, and it 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.

To qualify under this special use, land must be devoted principally to agricultural use**.**

> *"Agricultural use" includes producing crops, livestock, poultry, fish, or cover crops. It can also include leaving the land idle for a government program or normal crop or livestock rotation. Land use for raising certain exotic animals (including exotic birds) to produce human food or other commercial value qualifies. Cutting wood for fences or structures on adjacent agricultural land also qualifies. Land used to raise or keep bees for pollination to produce human food or other commercial value qualifies provided that the land used is not less than five or more than 20 acres.***"**

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

Application Filing and Processing

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

http://www.window.state.tx.us/taxinfo/taxforms/50-129.pdf

A property owner must apply for a special appraisal before May 1. For a good cause shown, the Chief Appraiser may extend the deadline by written order for a single period not to exceed 60 days. In February of each year, Taylor County compiles a list of properties that had the special-use agricultural appraisal in the previous year but changed ownership during the year. The list generated 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 May 1, the property owners are noticed at market value. If the application form is still not returned by June 1, the property owners will receive a second request for return by June 30. If a property owner applies to the deadline for filing but before the Appraisal Review Board approves the records (usually July 20), the application shall be accepted. If approved, the property owner is liable for a penalty of 10 percent of the difference between 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 applies after the ARB approves the records, the land is ineligible for special appraisal that year. If the Chief Appraiser denies an application, he shall deliver a written notice of the denial to the claimant within five days after the date of the denial. The notice must briefly explain the procedures for protesting the denial.

Once a property has been designated for a special appraisal, the property shall continue to be eligible for special appraisal without a new application being filed for the duration of the deed restriction unless the ownership of the land changes or its eligibility ends. If the Chief Appraiser has good cause to believe that the land is ineligible, a new application may be mailed to a property owner to confirm the land's eligibility.

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

VALUATION APPROACH

*The Cost Approach and the Market Approach are not utilized to estimate agricultural values for farm and ranch properties since they ar*e calculated based on their production/income capabilities. Agricultural values are calculated using the Income Approach and based on historical cash lease income and expense data. Agricultural Use Questionnaires are mailed out in February of each year requesting income and expense information for farm and ranch properties in Taylor County. Each property used in this manner has stored land segments reflecting pasture and tillable acreage. They are further categorized by their production capabilities based on soil classification maps, with Class 1 being the least productive and Class 7 being the most fruitful soil.

1P-Poorest production capability of native grazing (shallow, rocky, cedar infested)

2P-Low production capability of native grazing

3P-Fair production capability of native grazing

4P-Average production capability of native grazing

5P-Good production capability of native grazing

6P-Very good production capability of native grazing

7P-Excellent production capability of native grazing

1T-Poorest production capability of cropland (typically very poor yields)

2T-Low production capability of cropland

3T-Fair production capability of cropland

4T-Average production capability of cropland (small grains, wheat, hay production)

5T-Good production capability of cropland

6T-Very good production capability of cropland

7T-Excellent production capability of cropland (cotton production)

Section 23 of the Texas Tax Code also allows for this special-use value if the land is used to manage wildlife. If such land was previously qualified open-space land and is actively used for wildlife management, it is a qualifying agricultural use. 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 three 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 census counts to determine the population

The property owner must submit a written Wildlife Management Plan that displays the above 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:

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 website:

https://comptroller.texas.gov/taxes/property-tax/ag-timber/index.php

Agricultural land must be used at a level of intensity common in the local area. It must have been devoted to agricultural use for at least five of the past seven years.

Appraisal Resources

Personnel-

Russ David, Land Coordinator, TDLR # 74766
Belinda Dunlap, Land Analyst

Data- Lease information gathered is grouped and placed in a spreadsheet annually based on their classifications for analysis. Statistical measures are utilized annually to analyze the central tendencies 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 pastureland and cropland. The cash lease information filters into a unit price per acre estimate of each soil type/classification net-to-land. The estimated potential net income to the land from hunting is added to that net income. This data is the estimated current year's agricultural values. The land value is determined by capitalizing the average net income the land would have yielded under prudent management from the production of agricultural products during the five years preceding the current year for each of the soil classifications/categories of land.

The capitalization rate to determine 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 the annual analysis are compiled for a five-year history. These results are utilized to build agricultural land schedules consistent with said results.

Appraisal Performance Testing

The PTAD of the State Comptroller's Office regularly reviews all values and procedures used to calculate the agricultural values. Staff also routinely evaluates its valuation procedures. The Taylor County Agricultural Advisory Board also reviews our values and appraisal process.

INDUSTRIAL, UTILITY, AND MINERAL VALUATION PROCESS

INTRODUCTION

Appraisal Responsibility

The Central Appraisal District of Taylor County contracts with the Capitol Appraisal Group in Austin, Texas, to value the District's Industrial, Utility, and Mineral Properties within the county. Their website can be viewed at

http://www.cagi.com/WebSite/home.htm

Circuit Breaker Limitation-Property Tax Code Section 23.231

The 88th Texas Legislature passed into law a Circuit Breaker that limits the market value increase of real property valued at $5,000,000 or less to 20% per year; property excluded from the law is an agriculture-use special appraisal and homestead properties that qualify for the 10% homestead limitation.

The circuit breaker provision limits the amount the appraisal district can increase the appraised value of a property. The appraised value of qualifying real property is limited to an increase of no more than 20% per year unless new improvements, excluding ordinary maintenance, have been made. This limitation takes effect on January 1 of the tax year following the first year the owner owns the property. The Texas Legislature has only authorized the circuit breaker limitation for the 2024, 2025, and 2026 tax years. The appraised value that the circuit breaker applies to is set at $5,160,000 or less for 2025; however, the State Comptroller can increase or decrease the appraised value limit for 2025 and 2026 based on the consumer price index.

2025 CERTIFIED TOTALS
Grand Totals

Taylor County

2025 CERTIFIED TOTALS

GTA - TAYLOR COUNTY

Grand Totals

As of Certification

Property Count: 86,093

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Land	Value			
Homesite:	1,152,406,922			
Non Homesite:	945,922,297			
Ag Market:	1,921,960,759			
Timber Market:	0	Total Land	(+)	4,020,289,978

Improvement	Value			
Homesite:	9,089,058,848			
Non Homesite:	6,823,584,646	Total Improvements	(+)	15,912,643,494

Non Real	Count	Value			
Personal Property:	7,603	2,692,715,533			
Mineral Property:	5,588	41,475,649			
Autos:	0	0	Total Non Real	(+)	2,734,191,182
			Market Value	=	22,667,124,654

Ag	Non Exempt	Exempt			
Total Productivity Market:	1,914,374,232	7,586,527			
Ag Use:	40,507,057	83,289	Productivity Loss	(-)	1,873,867,175
Timber Use:	0	0	Appraised Value	=	20,793,257,479
Productivity Loss:	1,873,867,175	7,503,238			
			Homestead Cap	(-)	243,820,201
			23.231 Cap	(-)	196,113,653
			Assessed Value	=	20,353,323,625
			Total Exemptions Amount (Breakdown on Next Page)	(-)	5,036,476,280
			Net Taxable	=	15,316,847,345

Freeze	Assessed	Taxable	Actual Tax	Ceiling	Count			
DP	73,702,811	55,602,598	197,572.80	203,860.30	623			
DPS	5,833,869	5,015,520	15,910.35	16,195.84	28			
OV65	2,652,683,727	2,218,872,439	7,825,834.68	7,967,701.43	12,634			
Total	2,732,220,407	2,279,490,557	8,039,317.83	8,187,757.57	13,285	Freeze Taxable	(-)	2,279,490,557
Tax Rate	0.5578000							

Transfer	Assessed	Taxable	Post % Taxable	Adjustment	Count			
DP	351,951	327,417	155,773	171,644	1			
OV65	21,389,044	18,168,523	12,702,550	5,465,973	69			
Total	21,740,995	18,495,940	12,858,323	5,637,617	70	Transfer Adjustment	(-)	5,637,617
						Freeze Adjusted Taxable	=	13,031,719,171

APPROXIMATE LEVY = (FREEZE ADJUSTED TAXABLE * (TAX RATE / 100)) + ACTUAL TAX
80,730,247.37 = 13,031,719,171 * (0.5578000 / 100) + 8,039,317.83

Certified Estimate of Market Value:	22,665,482,464
Certified Estimate of Taxable Value:	15,315,972,385
Tax Increment Finance Value:	0
Tax Increment Finance Levy:	0.00

2025 CERTIFIED TOTALS
Exemption Breakdown

Taylor County

2025 CERTIFIED TOTALS

GTA - TAYLOR COUNTY

As of Certification

Property Count: 86,093 | Grand Totals | 11/19/2025 | 9:32:09AM

Exemption Breakdown

Exemption	Count	Local	State	Total
CH	1	357,592	0	357,592
CHODO (Partial)	4	5,127,232	0	5,127,232
DP	636	11,455,182	0	11,455,182
DPS	29	540,000	0	540,000
DV1	466	0	4,453,250	4,453,250
DV1S	60	0	275,000	275,000
DV2	286	0	2,404,774	2,404,774
DV2S	37	0	225,000	225,000
DV3	465	0	4,066,075	4,066,075
DV3S	40	0	350,000	350,000
DV4	1,458	0	10,716,685	10,716,685
DV4S	78	0	594,340	594,340
DVHS	1,613	0	478,418,795	478,418,795
DVHSS	169	0	30,317,418	30,317,418
EX	2	0	0	0
EX-XD	9	0	997,525	997,525
EX-XD (Prorated)	1	0	58,117	58,117
EX-XG	10	0	986,806	986,806
EX-XI	8	0	9,731,484	9,731,484
EX-XJ	213	0	351,424,942	351,424,942
EX-XJ (Prorated)	3	0	35,327	35,327
EX-XL	72	0	2,908,344	2,908,344
EX-XN	17	0	1,123,292	1,123,292
EX-XR	64	0	4,838,902	4,838,902
EX-XU	17	0	4,512,824	4,512,824
EX-XV	3,374	0	3,669,149,214	3,669,149,214
EX-XV (Prorated)	11	0	120,102	120,102
EX366	3,196	0	1,528,783	1,528,783
FR	20	0	0	0
FRSS	2	0	264,320	264,320
HS	30,982	144,404,333	0	144,404,333
HT	119	0	0	0
MASSS	1	0	321,796	321,796
OV65	12,121	225,903,167	0	225,903,167
OV65S	1,309	23,551,706	0	23,551,706
PC	46	45,313,953	0	45,313,953
SO	23	0	0	0
	Totals	**456,653,165**	**4,579,823,115**	**5,036,476,280**

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State Category Breakdown

Taylor County

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State Category Breakdown

State Code	Description	Count	Acres	New Value	Market Value	Taxable Value
A	SINGLE FAMILY RESIDENCE	45,760	17,830.2155	$180,980,020	$8,927,922,369	$7,851,309,989
B	MULTIFAMILY RESIDENCE	1,305	348.9821	$32,481,079	$739,314,885	$735,229,541
C1	VACANT LOTS AND LAND TRACTS	8,107	6,270.6709	$0	$164,715,133	$133,790,295
D1	QUALIFIED OPEN-SPACE LAND	6,711	489,343.1130	$0	$1,914,567,925	$40,494,300
D2	IMPROVEMENTS ON QUALIFIED OP	1,037		$816,654	$10,439,357	$10,345,266
E	RURAL LAND, NON QUALIFIED OPE	4,859	26,682.8896	$39,803,815	$1,131,953,814	$983,330,630
F1	COMMERCIAL REAL PROPERTY	4,075	5,152.8444	$288,024,575	$2,553,118,729	$2,491,488,389
F2	INDUSTRIAL AND MANUFACTURIN	209	863.7829	$6,585,048	$348,943,217	$348,878,635
G1	OIL AND GAS	3,605		$0	$40,941,266	$34,643,282
J1	WATER SYSTEMS	1		$0	$0	$0
J2	GAS DISTRIBUTION SYSTEM	31	7.9286	$0	$67,896,117	$67,895,472
J3	ELECTRIC COMPANY (INCLUDING C	157	369.4310	$0	$355,546,218	$355,396,102
J4	TELEPHONE COMPANY (INCLUDI	138	28.7935	$0	$23,785,378	$23,777,544
J5	RAILROAD	70	60.0021	$0	$99,048,884	$99,036,613
J6	PIPELAND COMPANY	217	35.0910	$1,341	$537,989,469	$497,265,473
J7	CABLE TELEVISION COMPANY	6		$0	$27,366,945	$27,366,945
J8	OTHER TYPE OF UTILITY	188	143.1300	$0	$327,719	$246,447
L1	COMMERCIAL PERSONAL PROPE	5,533		$250,739,773	$1,242,263,326	$1,242,244,028
L2	INDUSTRIAL AND MANUFACTURIN	151		$0	$275,158,933	$270,994,683
M1	TANGIBLE OTHER PERSONAL, MOB	1,155		$6,333,319	$34,594,273	$29,825,934
M2	TANGIBLE OTHER PERSONAL, OTH	3	0.7740	$0	$0	$0
O	RESIDENTIAL INVENTORY	468	188.8660	$0	$11,996,795	$5,523,918
S	SPECIAL INVENTORY TAX	94		$0	$67,749,237	$67,749,237
X	TOTALLY EXEMPT PROPERTY	6,989	26,225.4543	$36,351,350	$4,091,484,665	$14,622
		Totals	573,551.9689	$842,116,974	$22,667,124,654	$15,316,847,345

CERTIFICATION STATEMENT

"I, Gary Earnest, Chief Appraiser for Central Appraisal District of Taylor County, 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 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."

Gary Earnest
Chief Appraiser